SINCLAIR BROADCAST GROUP, INC.

INNOVATION AT OUR CORE

2015 ANNUAL REPORT

Letter to our Shareholders

This past year, we celebrated the 20th anniversary of being a publicly-traded company and, during that time, have built the industry-leading television broadcaster with what we believe is the most attractive portfolio of assets. Our success is the result of our employees who are empowered and encouraged to effect positive change, allowing us to deliver a superior offering, meet the changing needs of our customers, challenge status quo approaches, and be first to market. As I look back on our history, one theme consistently emerges which captures the essence of our core, "Innovation." It is what motivates and guides us to be better, to transform and expand our broadcast business, and to ensure we remain relevant to the communities we serve. Our accomplishments in 2015 epitomize our innovative spirit. This past year, we launched multiple initiatives targeted at offering original content, launching national platforms, expanding our distribution channels to reach consumers on multiple devices, building new sales channels, advancing technological capabilities, and lobbying for a competitive playing field. We are the broadcast industry leader and you should expect nothing less from us.

There is no better testament to Sinclair's commitment to innovation than our presence in our Nation's Capital. As the region's largest local news operation, we recognized and seized the opportunity to build upon our local presence and access to government, launching a national news desk and Capitol Hill bureau in January 2015. These teams produce daily unique stories unavailable from other sources and which are focused on government accountability storytelling that provide a significant point of difference for our stations. Available on-air and online, the bureau not only expands our news presence, but gives our viewers and stations an opportunity to connect with their members of Congress. Our team brings context, perspective, and unmatched big picture coverage that we can share across all 106 of our locally-produced news stations.

"Connect to Congress," our weekly on-air and digital feature, is a key element of our Washington, D.C. commitment, providing a bridge between the beltway and Main Street. We provide an electronic pathway for lawmakers to speak to their constituents, while viewers can reach their elected officials and ask questions of their members of Congress directly through the "Connect to Congress" webpage.

In 2012, we launched our first town hall, "Your Voice, Your Future," to give the community a voice in local, state, and federal policy discussions. Distributed over-the-air or streamed online, our town halls distinguish us from other local broadcasters by convening prominent local thought leaders to debate issues of both local and national concern; demonstrating the significant role local broadcasters play in perpetuating civic dialogue at the local level. Our commitment is to inform, engage, and empower our viewers. We have produced over 170 town halls since our launch, a true point of difference for our news operations and not rivaled by other broadcasters.

Fearless investigations; that is the cornerstone of "Full Measure with Sharyl Attkisson," a national Sunday morning investigative and political analysis program like no other. Launched in October 2015, the team of nationally recognized journalists sheds light on many stories no one else will touch. Viewership, in only a short period of time, is already competitive to cable news networks in the same dayparts.

At Sinclair, we produce more local news than any other outlet in the country, over 2,200 hours per week. But our leadership role is rooted in more than size; it is a reflection in how we produce the news. We are transforming our news room and shifting our culture to be 24/7 content centers that are producing and disseminating new information every hour on all platforms; allowing us to break the story first and respond to changing news consumption patterns. You need look no further to the success and quality of our news product than the 255 journalistic awards won by our news stations in 2015, and the increase in our audience share in morning, early evening, and late evening news dayparts in the coveted 25-54 age demographic.

Research shows a large, underserved market of nearly 70 million 18-39 year olds consuming content primarily on mobile devices and actively looking for more sources of news. To tap into this demographic, we acquired Circa. Repositioned as our next generation-focused mobile app and national online digital news operation, Circa is led and operated by some of the most forward-thinking news operators in the country. Scheduled to go live in 2016, the decision to expand into a digital-first news operation focused on a younger demographic was based on extensive research showing that the next generation is looking for more context, perspective, and depth than they get from traditional news products. In addition to its unique stories, news talent, and creativity, Circa will have the added benefit of capitalizing on our broadcast branding and promotional platform to drive viewing impressions; an advantage not available to other online news providers.

We are redefining the local news model, adding differentiated content and ensuring truth-in-reporting is at the forefront. We have structured our news operations and digital teams to work side-by-side to ensure we break the story first, regardless of consumer device – website, mobile app, or linear. To achieve this goal, our digital group completed the first phase of its content management system rollout and platform consolidation project, launching more than 50 news sites. The success of our innovative approach is demonstrated in the almost 21 million social media views of the Winter Storm Jonas videos produced by our Washington, D.C. television properties, WJLA and NewsChannel 8. Our national reach and high engagement with our local markets is part of what makes us unique to our advertisers.

One of the many benefits of assembling a platform that reaches 38% of U.S. television households is having the enviable position and scale to launch companion businesses to our broadcast platform that increase revenue and audience share. One such example is in original content creation. Contrary to popular belief, the majority of our revenues do not come from network-provided content. Although our network relationships are important to us, so too are our locally-produced news, sports, and other original shows. This high-quality content reduces our programming costs and allows us to control the associated rights.

American Sports Network (ASN) is a prime example of where we are challenging the status quo while enhancing the value of our stations. Professional and college sports have historically been reserved for network production, but in 2014, we launched ASN. In just its second year of operation, it produced over 350 live sporting events, including games for 18 NCAA Division 1 college conferences, high school sports, and even its first college football bowl game – the Arizona Bowl. Armed with a growing library of original sports content, we are transforming ASN from a producer of discrete games to a 24/7 multicast network that will seek to reach consumers on all platforms. Currently launched in 18 markets, we intend to build a regional strategy across the nation.

Likewise, in October 2015, we led the market in launching the first-ever science fiction multicast network, COMET, featuring over 1,500 hours of premium MGM content and already reaching approximately 70 million households with more coverage expected. In another step to take more control of our content, we entered into a joint venture with Michael Eisner's Tornante Company to develop low-cost syndicated court, game, comedy, and talk shows that have predictable audiences; genres that do well on our television stations.

In early 2016, we closed on the acquisition of Tennis Channel, one of the only independently-owned major sports networks, answering how we would approach our first undertaking in the cable network space. Dedicated to all things tennis, including coverage of the top 100 tournaments and original lifestyle shows, Tennis Channel is an extremely attractive and value-creating property for us. Unlike fully distributed cable networks that are secularly challenged, Tennis Channel, with its live tournaments and matches, passionate fan base, and established brand, was significantly under-distributed. With the support of Sinclair and our relationships with the multi-video program distributors (MVPDs), we have been successful in negotiating an increase to Tennis Channel's 30 million subscriber base to 50 million, with more penetration expected. Among the many benefits we expect to realize from the expanded carriage and pairing its content with our broadcast promotional capabilities are additional affiliate fee income, viewers, and advertising revenues.

We are also participating in creative product launches that let us reach into other parts of the media landscape. Our digital initiatives, such as our new content and video management systems, simplify and automate our broadcast-to-digital streaming workflow and allow for dynamic replacement of broadcast ads with digital ads targeted to each individual viewer. By using a single ad-serving system across all of our websites, mobile apps and other digital assets, we are able to streamline our sales workflow, optimize yield and deliver comprehensive sales opportunities across Sinclair's digital footprint. Likewise, we are deploying over-the-top initiatives (OTT), such as the "NewsOn" app, as well as our own content applications. On the success of our online city magazines/lifestyle websites, "Refined," we launched a companion weekday show that has more viewing impressions in the same daypart than comparable, established cable networks. We are looking to expand the Refined websites beyond Seattle and Cincinnati with our next introduction in Washington, D.C. Our Audience Network Sales, whereby we sell discrete weekly dayparts across all of our stations to ad agencies buying from the networks, continues to grow and be accretive to the bottom-line; while our programmatic initiatives are slated to go live shortly. These innovative products and extension of our core broadcast business allow us to compete for Internet, network, and print revenues and impressions.

On the technology front, major steps were taken this past year to bring our vision of a Next Generation Broadcast Platform (Next Gen) closer to reality. Through our ONE Media joint venture and New Technology Group's efforts, we developed, successfully demonstrated, and had approved for inclusion in the ATSC 3.0 transmission standard, critical signaling and framing technology that is core to building Next Gen. ATSC 3.0 is an enhancement to the current broadcast standard and provides for increased data bits that are mobile, universal and Internet Protocol (IP) based. Next Gen provides a common IP pipe for broadband and broadcast convergence and compelling hybrid functionality; a way to make the broadcast platform an integral piece in the broader wireless ecosystem. In addition, it opens opportunities to deliver enhanced core television services such as higher quality 4K "Ultra High Definition" video and immersive "3D Audio" sound, as well as the entire range of targeted advertising, personalized content delivery, and data collection and measurement. With our single frequency network (SFN) activities that span the Washington and Baltimore markets, we will be showcasing the ability to provide hyper-local content on a geographic basis, demonstrating that over-the-air services can be segmented and targeted. As well, SFNs will provide a quality of service not possible outside of the Next Gen platform.

Broadcasters will have many choices to deploy multiple new business opportunities with Next Gen. The many new video and audio programming and other datacasting services will open partnerships with car manufacturers, content delivery networks seeking to expand "edge" services, and other users seeking alternatives for regional and national content distribution. For example, we could deliver over 100 music streams using less than 20% of our total available bit capacity, or approximately 30 DVD quality video streams of movies through the entire pipe, to name just two potential use cases. It remains to be seen what business models we ultimately deliver through our dramatically enhanced spectrum pipe, but it is clear we will have many choices and will not be limited to just one.

Never in the history of video distribution has it been clearer that mobile and portable viewing will allow our industry to monetize more fully the vast potential of our wireless spectrum. The speed with which the industry is now moving to develop the Next Gen platform has the attention of all. The announcement in June 2015 of Sinclair, Samsung (one of the world's largest electronics manufacturer), and Pearl TV (a consortium of nine television broadcasters) coming together to speed development and implementation of Next Gen broadcast and Ultra HDTV standards has opened collaboration and provided assurance that a significant and important part of the industry is at work for our future. Our hosting in December 2015 of the first complete 'end-to-end' demonstration of the ATSC 3.0 standard to the South Korean technical and government delegation responsible for decision-making was well received and is an important milestone for the entire television broadcast industry globally. This is especially so in light of South Korea hosting the 2018 Winter Olympics and desiring to showcase a global ecosystem of enhanced traditional television services for which ATSC 3.0 has recently been chosen as the standard of choice by South Korean broadcast interests.

For almost 20 years, Sinclair has led the efforts to develop an over-the-air consumer offering that is a more robust and enhanced broadcast television transmission service that is data agnostic and provides for mobility and portability. The critical element of the new standard has been unanimously sent for full membership approval in the standards setting organization, and with only the FCC's approval remaining, our vision of ushering in new spectrum business use cases, data leasing models, and intellectual property rights could become reality in as little as a year. Traditional television will soon be anything but traditional.

In 2015, we continued to grow our role in the policy-making process in Washington, D.C. We strengthened our relationships with key members of Congress and were able to fend off specific threats to our business furthered by our competitors. The most significant victory for broadcasters was Congress' extension of the FCC's mandatory Joint Sales Agreement (JSA) restructuring deadline from December 2016 to September 2025. This extension enables our JSAs to remain in place for the next 10 years, which gives us more regulatory certainty for the foreseeable future. Despite this victory, television broadcasters continue to be regulated in ways that deny us the ability to invest in new markets and expand reach in the same way the Internet, MVPDs, Telecom and wireless media are permitted. As the industry leader, we will continue to fight for relaxation of the local and national ownership rules and other reforms that level the playing field among all participants in the increasingly competitive video delivery landscape.

We are finding that much of the discussion around "cord cutting" is actually MVPDs redefining the cable bundle as a result of having to pay high costs for content on channels with little audience on a relative basis. Broadcast, on the other hand, is critical to any basic cable package as a result of its delivery of large audiences and highly-desired content including local news, live sports, and compelling first-run programming. The appeal of broadcast television to viewers, advertisers, and distributors was evident in our 2015 financial results with growth in all our key metrics. On a pro forma basis, media revenues increased in the absence of political revenues in part driven by increases to our retransmission revenues as we work towards receiving fair value for the audiences we generate, as well as a 1.3% increase in our core revenues and 19% growth in our digital portfolio. Pro forma for all acquisitions closed in 2015, EBITDA[1] was $725 million with 51% converting into $368 million of free cash flow[2] or $3.85 per share. During 2015, we returned $92 million to our shareholders in the form of dividends and share repurchases, repaid $60 million in debt, and reinvested $65 million in return-generating assets. As we enter 2016, we expect revenues to accelerate on political campaign and issue advertising spending with the 2016 Presidential year expected to be one of the highest political years on record for the industry. In fact, we have been preparing for this event since 2012; acquiring stations in key swing states to offer statewide buys, expanding our news hours, and launching digital platforms for more powerful branding when combined with television. We expect our initiatives will result in an increased share of political revenues. For 2016/2017, pro forma for all transactions announced, we expect average annualized free cash flow per share to be in a range of $5.13 to $5.52.

We are the industry leader for a reason beyond our size. Our innovative initiatives regarding original content, network platforms, alternative distribution channels, and technological advancements are transforming us and the industry; and we are far from being done. None of this, however, would be possible without the continued support of our many employees who consistently embrace and perpetuate our culture of being the best and the employer of choice in the industry. We celebrate change and innovation, and we will not stand still.

We thank you, our employees and our shareholders, for your continued support and look forward to our future success.

1 A reconciliation of EBITDA to net income can be found on our website: www.sbgi.net.
2 A reconciliation of free cash flow to net income can be found on our website: www.sbgi.net.

David D. Smith

Chairman, President and CEO

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Television Markets and Stations

As of December 31, 2015, we own and operate or provide programming and/or sales and other shared services to television stations in the following 79 markets:

Market	Market Rank(a)	Number of Channels	Stations(b)	Network Affiliation(c)
Washington, DC	7	3	WJLA	ABC
Seattle / Tacoma, WA	14	5	KOMO, KUNS	ABC, Univision
Minneapolis / St. Paul, MN	15	3	WUCW	CW
St. Louis, MO	21	3	KDNL	ABC
Pittsburgh, PA	23	6	WPGH, WPNT	FOX, MNT
Portland, OR	24	8	KATU, KUNP	ABC, Univision
Raleigh / Durham, NC	25	5	WLFL, WRDC	CW, MNT
Baltimore, MD	26	9	WBFF, WNUV(d), WUTB(e)	FOX, CW, MNT
Nashville, TN	29	9	WZTV, WUXP, WNAB(e)	FOX, MNT, CW
Columbus, OH	31	8	WSYX, WTTE(d), WWHO(e)	ABC, FOX, CW
San Antonio, TX	32	5	KABB, KMYS(e), WOAI	FOX, CW, NBC
Salt Lake City, UT	34	6	KUTV, KMYU, KENV	MNT, CBS, NBC
Milwaukee, WI	35	5	WVTV, WCGV	CW, MNT
Cincinnati, OH	36	5	WKRC, WSTR(e)	CBS, MNT, CW
Asheville, NC / Anderson, SC / Greenville-Spartanburg, SC	37	7	WLOS, WMYA(d)	ABC, MNT
West Palm Beach / Fort Pierce, FL	38	9	WPEC, WTVX, WTCN-CA	CBS, CW, MNT
Austin, TX	39	2	KEYE	CBS
Las Vegas, NV	40	6	KSNV, KVCW	NBC, CW, MNT
Grand Rapids / Kalamazoo, MI	41	3	WWMT	CBS, CW
Norfolk, VA	42	3	WTVZ	MNT
Oklahoma City, OK	43	6	KOKH, KOCB	FOX, CW
Harrisburg / Lancaster / Lebanon / York, PA	44	3	WHP	CBS, MNT
Birmingham, AL	45	13	WBMA,WTTO, WDBB(d), WABM	ABC, CW, MNT
Greensboro / High Point / Winston Salem, NC	46	6	WXLV, WMYV	ABC, MNT
Providence, RI / New Bedford, MA	52	3	WJAR	NBC
Buffalo, NY	53	6	WUTV, WNYO	FOX, MNT
Fresno / Visalia, CA	54	6	KMPH, KFRE	FOX, CW
Wilkes Barre / Scranton, PA	55	9	WOLF(d), WQMY(d), WSWB(e)	FOX, MNT, CW
Richmond, VA	56	3	WRLH	FOX, MNT
Little Rock / Pine Bluff, AR	57	3	KATV	ABC
Mobile, AL / Pensacola, FL	58	9	WEAR, WPMI(e), WJTC(e), WFGX	ABC, NBC, IND, MNT
Albany, NY	59	6	WRGB, WCWN	CBS, CW
Tulsa, OK	60	3	KTUL	ABC
Lexington, KY	63	3	WDKY	FOX
Dayton, OH	64	6	WKEF, WRGT(d)	ABC, FOX, MNT
Wichita / Hutchinson, KS	65	17	KAAS, KSAS, KOCW, KMTW(d)	FOX, MNT

Market	Market Rank(a)	Number of Channels	Stations(b)	Network Affiliation(c)
Charleston / Huntington, WV	67	6	WCHS, WVAH	ABC, FOX
Green Bay / Appleton, WI	68	4	WLUK, WCWF	FOX, CW
Roanoke / Lynchburg, VA	69	3	WSET	ABC
Flint / Saginaw / Bay City, MI	71	9	WEYI(e), WSMH, WBSF(e)	NBC, FOX, CW
Des Moines / Ames, IA	72	3	KDSM	FOX
Spokane, WA	73	3	KLEW	CBS
Omaha, NE	74	6	KPTM, KXVO(d)	FOX, CW, MNT
Rochester, NY	76	6	WHAM(e), WUHF	ABC, FOX, CW
Toledo, OH	77	3	WNWO	NBC
Columbia, SC	78	3	WACH	FOX
Portland, ME	80	5	WGME, WPFO(e)	CBS, FOX
Madison, WI	81	3	WMSN	FOX
Cape Girardeau, MO / Paducah, KY	82	6	KBSI, WDKA(d)	FOX, MNT
Syracuse, NY	84	6	WSTM, WTVH(e)	NBC, CBS, CW
Champaign / Springfield / Decatur, IL	85	13	WICD, WICS, WRSP(e), WCCU(e), WBUI(e)	ABC, FOX, CW
Harlingen / Weslaco / Brownsville / McAllen, TX	86	3	KGBT	CBS
Chattanooga, TN	88	6	WTVC , WFLI	ABC, CW, FOX, MNT
Cedar Rapids, IA	90	6	KGAN, KFXA(e)	CBS, FOX
Savannah, GA	91	3	WTGS	FOX
El Paso, TX	92	6	KDBC, KFOX	CBS, FOX, MNT
Charleston, SC	94	3	WCIV	MNT, ABC
Myrtle Beach / Florence, SC	102	5	WPDE, WWMB(d)	ABC, CW
Johnstown / Altoona, PA	104	3	WJAC	NBC
Reno, NV	106	8	KRNV(e), KRXI, KAME(d)	NBC, FOX, MNT
Boise, ID	107	6	KBOI	CBS, CW
Tallahassee, FL	108	5	WTWC, WTLF(e)	NBC, CW, FOX
Peoria / Bloomington, IL	117	3	WHOI(f)	ABC, CW
Traverse City / Cadillac, MI	118	12	WPBN, WTOM, WGTU(e), WGTQ(e)	NBC, ABC
Eugene, OR	119	16	KVAL, KCBY, KPIC(g), KMTR(e), KMCB(e), KTCW(e)	CBS, NBC, CW
Macon, GA	120	3	WGXA	FOX, ABC
Yakima / Pasco / Richland / Kennewick, WA	123	12	KEPR, KIMA, KVVK-CD, KUNW-CD	CBS, CW, Univision
Bakersfield, CA	126	6	KBAK	CBS, FOX
Amarillo, TX	131	6	KVII, KVIH	ABC, CW
Columbia / Jefferson City, MO	138	3	KRCG	CBS
Medford, OR	140	3	KTVL	CBS, CW
Beaumont, TX	142	6	KFDM, KBTV(e)	CBS, FOX, CW
Sioux City, IA	149	8	KMEG(e), KPTH	CBS, FOX, MNT
Albany, GA	152	3	WFXL	FOX
Wheeling, WV / Steubenville, OH	157	3	WTOV	NBC, FOX
Gainesville, FL	162	6	WGFL(d), WNBW(e)	CBS, NBC, MNT

Market	Market Rank(a)	Number of Channels	Stations(b)	Network Affiliation(c)
Quincy, IL / Hannibal, MO / Keokuk, IA	170	3	KHQA	CBS, ABC
Marquette, MI	180	3	WLUC	NBC, FOX
Ottumwa, IA / Kirksville, MO	200	3	KTVO	ABC, CBS
Total Television Channels		**444**		

(a) Rankings are based on the relative size of a station's Designated Market Area (DMA) among the 210 generally recognized DMAs in the United States as estimated by Nielsen as of September 2015.

(b) We have a total of 12 other low powered stations, in certain markets which expand our signal by simulcasting our content throughout the market.

(c) We broadcast programming from the following providers on our channels:

Affiliation	Number of Channels	Number of Markets	Expiration Dates (1)(2)
ABC	32	25	December 31, 2017 through December 31, 2020
CBS	29	24	April 29, 2017 through December 31, 2021
NBC	23	16	February 29, 2016 through December 31, 2017
FOX	47	37	February 12, 2016 through December 31, 2017
MNT	34	29	August 31, 2016
CW	44	33	August 31, 2021
Univision	6	3	December 31, 2014
Total Major Network Affiliates	**215**		

Affiliation	Number of Channels	Number of Markets	Expiration Dates (1)(2)
Antenna TV	18	14	September 1, 2013 through January 1, 2019
Azteca	3	2	August 31, 2016 through February 28, 2018
Bounce Network	4	4	August 31, 2019
COMET	68	61	October 30, 2018 through January 14, 2019
Decades	1	1	May 31, 2018
Estrella TV	2	2	June 1, 2015 through September 30, 2015
Get TV	26	26	June 30, 2017
Grit	54	46	December 31, 2019
Heartland	1	1	October 31, 2015
Independent programming	1	1	N/A
Me TV	14	12	February 29, 2016 through March 1, 2019
MundoFox	3	2	September 30, 2015 through December 31, 2016
Retro TV	4	4	December 31, 2014 through January 7, 2017
Telemundo	1	1	December 31, 2016
This TV	11	9	November 1, 2014 through December 31, 2015
News & Weather	10	8	December 31, 2016
Zuus Country	8	8	September 30, 2014
Total Other Affiliates	**229**		
Total Television Channels	**444**		

(1) When we negotiate the terms of our network affiliations or program service arrangements, we negotiate on behalf of all of our stations affiliated with that entity simultaneously. This results in substantially similar terms for our stations, including the expiration date of the network affiliations or program service arrangements. If the affiliation agreement expires, we may continue to operate under the existing affiliation agreement on a temporary basis while we negotiate a new affiliation agreement.

(2) ASN became a 24/7 sports network in January 2016 and is currently carried in 15 markets.

(d) The license assets for these stations are currently owned by third parties. We provide programming, sales, operational and administrative services to these stations pursuant to certain service agreements, such as LMAs.

(e) The license and programming assets for these stations are currently owned by third parties. We provide certain non-programming related sales, operational and administrative services to these stations pursuant to service agreements, such as joint sales and shared services agreements.

(f) The license and programming assets for this station is currently owned by us. A third party provides certain non-programming related sales, operational and administrative services to this station pursuant to service agreements, such as joint sales and shared services agreements.

(g) We provide programming, sales, operational, and administrative services to this station, of which 50% is owned by a third party.

FORWARD-LOOKING STATEMENTS

This report includes or incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us, including, among other things, the following risks:

General risks

- the impact of changes in national and regional economies and credit and capital markets;
- consumer confidence;
- the potential impact of changes in tax law;
- the activities of our competitors;
- terrorist acts of violence or war and other geopolitical events;
- natural disasters that impact our advertisers and our stations; and
- cybersecurity.

Industry risks

- the business conditions of our advertisers particularly in the automotive and service industries;
- competition with other broadcast television stations, radio stations, multi-channel video programming distributors (MVPDs), internet and broadband content providers and other print and media outlets serving in the same markets;
- the performance of networks and syndicators that provide us with programming content, as well as the performance of internally originated programming;
- the availability and cost of programming from networks and syndicators, as well as the cost of internally originated programming;
- our relationships with networks and their strategies to distribute their programming via means other than their local television affiliates, such as over-the-top (OTT) content;
- the effects of the Federal Communications Commission's (FCC's) National Broadband Plan and incentive auction and the potential repacking of our broadcasting spectrum within a limited timeframe;
- the potential for additional governmental regulation of broadcasting or changes in those regulations and court actions interpreting those regulations, including ownership regulations limiting over-the-air television's ability to compete effectively (including regulations relating to Joint Sales Agreements (JSA) and Shared Services Agreements (SSA), and the national ownership cap), arbitrary enforcement of indecency regulations, retransmission consent regulations and political or other advertising restrictions;
- labor disputes and legislation and other union activity associated with film, acting, writing and other guilds and professional sports leagues;
- the broadcasting community's ability to develop and adopt a viable mobile digital broadcast television (mobile DTV) strategy and platform, such as the adoption of ATSC 3.0 broadcast standard, and the consumer's appetite for mobile television;
- the impact of programming payments charged by networks pursuant to their affiliation agreements with broadcasters requiring compensation for network programming;
- the effects of declining live/appointment viewership as reported through rating systems and local television efforts to adopt and receive credit for same day viewing plus viewing on-demand thereafter;
- changes in television rating measurement methodologies that could negatively impact audience results;
- the ability of local MVPD's to coordinate and determine local advertising rates as a consortium;
- the impact of new FCC rules requiring broadcast stations to publish, among other information, political advertising rates online;
- changes in the makeup of the population in the areas where stations are located;
- the operation of low power devices in the broadcast spectrum, which could interfere with our broadcast signals;
- the impact of FCC and Congressional efforts to limit the ability of a television station to negotiate retransmission consent agreements for the same-market stations it does not own and other FCC efforts which may restrict a television station's retransmission consent negotiations;
- OTT technologies and their potential impact on cord-cutting; and
- the impact of MVPD's offering "skinny" programming bundles that may not include television broadcast stations.

Risks specific to us

- the effectiveness of our management;
- our ability to attract and maintain local, national, and network advertising and successfully participate in new sales channels such as programmatic advertising through business partnership ventures and the development of technology;
- our ability to service our debt obligations and operate our business under restrictions contained in our financing agreements;
- our ability to successfully implement and monetize our own content management system (CMS) designed to provide our viewers significantly improved content via the internet and other digital platforms;
- our ability to successfully renegotiate retransmission consent agreements;
- our ability to renew our FCC licenses;
- our limited ability to obtain FCC approval for any future acquisitions, as well as, in certain cases, customary antitrust clearance for any future acquisitions;
- our ability to identify media business investment opportunities and to successfully integrate any acquired businesses, as well as the success of our digital initiatives in a competitive environment, such as the investment in the re-launch of Circa;
- our ability to maintain our affiliation and programming service agreements with our networks and program service providers and at renewal, to successfully negotiate these agreements with favorable terms;
- our ability to effectively respond to technology affecting our industry and to increasing competition from other media providers;
- the strength of ratings for our local news broadcasts including our news sharing arrangements;
- the successful execution of our program development and multi-channel broadcasting initiatives including American Sports Network (ASN), COMET, and other original programming, and mobile DTV; and
- the results of prior year tax audits by taxing authorities.

Other matters set forth in this report and other reports filed with the Securities and Exchange Commission (SEC), may also cause actual results in the future to differ materially from those described in the forward-looking statements. However, additional factors and risks not currently known to us or that we currently deem immaterial may also cause actual results in the future to differ materially from those described in the forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, events described in the forward-looking statements discussed in this report might not occur.

SELECTED FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 have been derived from our audited consolidated financial statements.

The information below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements included elsewhere in this annual report on Form 10-K.

STATEMENTS OF OPERATIONS DATA
(in thousands, except per share data)

For the years Ended December 31,	2015	2014	2013	2012	2011
Statements of Operations Data:					
Media revenues (a)	$ **2,011,946**	$ 1,784,641	$ 1,219,091	$ 922,161	$ 648,662
Revenues realized from station barter arrangements	**111,337**	122,262	88,680	86,905	72,773
Other non-media revenues	**95,853**	69,655	55,360	52,613	43,853
Total revenues	**2,219,136**	1,976,558	1,363,131	1,061,679	765,288
Media production expenses	**733,199**	578,687	386,646	257,494	179,408
Media selling, general and administrative expenses	**431,728**	372,220	251,294	172,628	124,582
Expenses recognized from station barter arrangements	**93,204**	107,716	77,349	79,834	65,742
Depreciation and amortization (b)	**264,887**	228,787	141,374	85,172	51,501
Amortization of program contract costs and net realizable value adjustments	**124,619**	106,629	80,925	60,990	52,079
Other non-media expenses	**71,803**	55,615	45,005	42,892	38,046
Corporate general and administrative expenses	**64,246**	62,495	53,126	33,391	28,310
Research and development	**12,436**	6,918	—	—	—
Loss (gain) on asset dispositions	**278**	(37,160)	3,392	(7)	—
Operating income	**422,736**	494,651	324,020	329,285	225,620
Interest expense and amortization of debt discount and deferred financing costs	**(191,447)**	(174,862)	(162,937)	(128,553)	(106,128)
Loss from extinguishment of debt	**—**	(14,553)	(58,421)	(335)	(4,847)
Income from equity and cost method investees	**964**	2,313	621	9,670	3,269
Other income, net	**1,540**	4,998	2,225	2,273	3,459
Income from continuing operations before income taxes	**233,793**	312,547	105,508	212,340	121,373
Income tax provision	**(57,694)**	(97,432)	(41,249)	(67,852)	(44,785)
Income from continuing operations	**176,099**	215,115	64,259	144,488	76,588
Discontinued operations:					
Income (loss) from discontinued operations, net of related income taxes	**—**	—	11,558	465	(411)
Net income	**176,099**	215,115	75,817	144,953	76,177
Net income attributable to noncontrolling interests	**(4,575)**	(2,836)	(2,349)	(287)	(379)
Net income attributable to Sinclair Broadcast Group	**$ 171,524**	$ 212,279	$ 73,468	$ 144,666	$ 75,798
Earnings Per Common Share Attributable to Sinclair Broadcast Group:					
Basic earnings per share from continuing operations	$ **1.81**	$ 2.19	$ 0.66	$ 1.78	$ 0.95
Basic earnings per share	$ **1.81**	$ 2.19	$ 0.79	$ 1.79	$ 0.94
Diluted earnings per share from continuing operations	$ **1.79**	$ 2.17	$ 0.66	$ 1.78	$ 0.95
Diluted earnings per share	$ **1.79**	$ 2.17	$ 0.78	$ 1.78	$ 0.94
Dividends declared per share	$ **0.66**	$ 0.63	$ 0.60	$ 1.54	$ 0.48
Balance Sheet Data:					
Cash and cash equivalents	$ **149,972**	$ 17,682	$ 280,104	$ 22,865	$ 12,967
Total assets (d)	$ **5,432,315**	$ 5,410,328	$ 4,103,417	$ 2,690,768	$ 1,538,722
Total debt (c)(d)	$ **3,854,360**	$ 3,886,872	$ 2,989,985	$ 2,234,450	$ 1,173,330
Total equity (deficit)	$ **499,678**	$ 405,343	$ 405,704	$ (100,053)	$ (111,362)

(a) Media revenues is defined as broadcast revenues, net of agency commissions, retransmission fees, and other media related revenues.

(b) Depreciation and amortization includes depreciation and amortization of property and equipment and amortization of definite-lived intangible assets and other assets.

(c) Total debt is defined as notes payable, capital leases and commercial bank financing, including the current and long-term portions.

(d) The asset and debt balances for all years reflect the reclassification of debt issuance costs as discussed in *Recent Accounting Pronouncements* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis provides qualitative and quantitative information about our financial performance and condition and should be read in conjunction with our consolidated financial statements and the accompanying notes to those statements. This discussion consists of the following sections:

Executive Overview — a description of our business, financial highlights from 2015, information about industry trends and sources of revenues and operating costs;

Critical Accounting Policies and Estimates — a discussion of the accounting policies that are most important in understanding the assumptions and judgments incorporated in the consolidated financial statements and a summary of recent accounting pronouncements;

Results of Operations — a summary of the components of our revenues by category and by network affiliation or program service arrangement, a summary of other operating data and an analysis of our revenues and expenses for 2015, 2014 and 2013, including comparisons between years and certain expectations for 2016; and

Liquidity and Capital Resources — a discussion of our primary sources of liquidity, an analysis of our cash flows from or used in operating activities, investing activities and financing activities, a discussion of our dividend policy and a summary of our contractual cash obligations and off-balance sheet arrangements.

We have one reportable operating segment: "broadcast." Our broadcast segment is comprised of all of our television stations. We also earn revenues from our original networks, original content, digital and internet services, technical services, and non-media investments. These businesses are included within "Other". Corporate and unallocated expenses primarily include our costs to operate as a public company and to operate our corporate headquarters location. Other and Corporate are not reportable segments.

STG, included in the broadcast segment and a wholly owned subsidiary of Sinclair Broadcast Group, Inc. (SBG), is the primary obligor under our Bank Credit Agreement, the 6.125% Notes, the 5.375% Notes, 6.375% Notes, and 5.625% Notes. SBG is a guarantor under all of these debt instruments. Our Class A Common Stock and Class B Common Stock remain obligations or securities of SBG and not obligations or securities of STG. SBG was the obligor of the 9.25% Notes and the 8.375% Notes until they were fully redeemed in 2013 and 2014, respectively.

EXECUTIVE OVERVIEW

2015 Events

- In February 2015, our Board of Directors declared a quarterly dividend of $0.165 per share, payable March 13, 2015 to the holders of record at the close of business on February 27, 2015.
- During the second quarter of 2015, we signed a multi-year retransmission consent agreement with COX Communications covering over 3.3 million subscribers and a 3-year retransmission consent agreement renewal with Suddenlink covering over 0.8 million subscribers.
- During the second quarter of 2015, American Sports Network (ASN) reached a multi-year agreement with the Atlantic 10 Conference (A-10) to annually televise at least 52 A-10 events across seven sports, an agreement with AMA Pro Racing to offer syndicated network television coverage of AMA Track Events, and an agreement with Minor League Baseball to televise a weekly game throughout the summer.
- In April 2015, we raised $350.0 million of incremental term B loans and amended certain terms under our existing bank credit facility. The loans mature July 2021 and were issued at a discount of 99.875% of par value.
- In May 2015, our Board of Directors declared a quarterly dividend of $0.165 per share, payable on June 12, 2015 to the holders of record at the close of business on June 1, 2015.

- In May 2015, Ring of Honor signed a national broadcast deal with Destination America, part of Discovery Communications, to televise events over twenty-six weeks.
- In June 2015, we announced a Memorandum of Understanding with Pearl TV and Samsung Electronics America to work collaboratively to support the development and implementation of the new Advanced Television Systems Committee (ATSC) 3.0 standard.
- In June 2015, we announced the formation of a joint venture with The Tornante Company that will acquire, create, develop, produce, and distribute first-run syndicated television programming.
- In June 2015, we invested in ExtendTV (rebranded as Zypmedia), the leading programmatic media-buying platform for local digital advertising.
- In July 2015, American Sports Network (ASN) announced an agreement with Millennium Dancesport Championships to televise "The Dancesport League" on ASN.
- In July 2015, we renewed affiliation agreements with the CBS Network covering 16 markets. The new agreements are effective in 2015 and 2016 as current affiliation agreements expire and run for five years to 2020 and 2021.
- In July 2015, we renewed affiliation agreements with the CW Network covering 23 owned markets. At the same time, CW renewed affiliation agreements with another 9 markets for which Sinclair provides sales and other services. These agreements are effective August 2016 and expire in 2021.
- In July 2015, we announced the October 2015 launch of our Sunday morning national news show "Full Measure with Sharyl Attkisson."
- In August 2015, our Board of Directors declared a quarterly dividend of $0.165 per share, payable on September 15, 2015 to the holders of record at the close of business on September 1, 2015.
- In September 2015, we were granted authority by the Federal Communications Commission (FCC) to operate an experimental facility in Washington D.C. and Baltimore markets to implement a Single Frequency Network (SFN) using the base elements of the new ATSC 3.0 transmission standard.
- In September 2015, ASN entered into a sublicense agreement with ESPN to televise college football and basketball games for the Mid-American Conference (MAC) and college basketball games for the American Athletic Conference (The American), both beginning in the 2015 academic year.
- In September 2015, ASN entered into agreements with several top collegiate hockey conferences to broadcast as many as 30 total games per year.
- In September 2015, we announced the creation of a news segment called, "Connect to Congress", a multimedia initiative that enables Members of Congress in our news markets to communicate with their constituents on a regular basis.
- In September 2015, we closed on the acquisition of certain non-license assets of WDSI (FOX) and WFLI (CW) in Chattanooga, Tennessee, from New Age Media.
- In October 2015, we premiered, together with Metro-Goldwyn-Mayer (MGM), COMET, the first-ever 24 hour/7 day per week science fiction multi-channel network.
- In October 2015, the Company entered into a definitive agreement to acquire KFXL (FOX) and KHGI, KHGI-LD, KWNB and KWNB-LD (ABC), in Lincoln, Nebraska for $31.25 million. The transaction, subject to bankruptcy court and FCC approval and subject to standard closing conditions, is expected to close in early 2016. We expect to fund the acquisition with cash on hand in the first quarter of 2016.

2016 Events

- In December 2015, we announced that we will re-launch "Circa," an independent digital news site targeted at the younger demographic, in April 2016.
- In January 2016, we closed on the previously announced purchase of the assets of KUQI (FOX), KTOV-LP (MNT) and KXPX-LP (Retro TV) in Corpus Christi, Texas for $9.3 million.
- In January 2016, we entered into a definitive agreement to purchase the stock of Tennis Channel for $350.0 million. The transaction is expected to close in the first quarter 2016, subject to anti-trust approval, and other customary closing conditions.
- In February 2016, we announced a $500,000 broadcast diversity scholarship fund to help minority students finance their undergraduate studies related to television broadcasting or journalism.
- In February 2016, we completed the acquisition of the broadcast assets of WSBT (CBS) in South Bend-Elkhart, Indiana, owned by Schurz Communications, Inc., and sold the broadcast assets of WLUC (NBC and FOX) in Marquette, Michigan to Gray Television, Inc.
- In February 2016, our Board of Directors declared a quarterly dividend of $0.165 per share, payable on March 18, 2016 to the holders of record at the close of business on March 7, 2016.

Industry Trends

- Political spending is significantly higher in the even-number years due to the cyclicality of political elections. In addition, every four years, political spending is typically elevated further due to the advertising related to the presidential election.
- The FCC has permitted broadcast television stations to use their digital spectrum for a wide variety of services including multi-channel broadcasts. The FCC "must-carry" rules only apply to a station's primary digital stream.
- Retransmission consent rules provide a mechanism for broadcasters to seek payment from MVPDs who carry broadcasters' signals. Recognition of the value of the programming content provided by broadcasters, including local news and other programming and network programming, all in HD, has generated increased local revenues.
- Many broadcasters are enhancing / upgrading their websites to use the internet to deliver rich media content, such as newscasts and weather updates, to attract advertisers and to compete with other internet sites and smart phone and tablet device applications and other social media outlets.
- Seasonal advertising increases occur in the second and fourth quarters due to the anticipation of certain seasonal and holiday spending by consumers.
- Broadcasters have found ways to increase returns on their news programming initiatives while continuing to maintain locally produced content through the use of news sharing arrangements.
- Advertising revenue related to the Olympics occurs in even numbered years and the Super Bowl is aired on a different network each year. Both of these popularly viewed events can have an impact on our advertising revenues.

Sources of Revenues

Our operating revenues are derived from local and national advertisers and, to a much lesser extent, from political advertisers and digital platforms. We also generate local revenues from our retransmission consent agreements with MVPDs. Revenues from national advertisers have continued to trend downward when measured as a percentage of total broadcast revenues. We believe this trend is the result of our focus on increasing local advertising revenues as a percentage of total advertising revenues, combined with a decrease in overall spending by advertisers transacted through our rep firm and an increase in the number of competitive media outlets providing national advertisers multiple alternatives in which to advertise their goods or services. Our efforts to mitigate the effect of these increasingly competitive media outlets for national advertisers include continuing our efforts to increase local revenues and developing innovative sales and marketing strategies to sell traditional and non-traditional services to our advertisers including the success of multi-channel digital initiatives together with mobile DTV. In addition, our revenue success is dependent on the success and advertising spending levels of the automotive industry.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates including those related to goodwill and intangible assets, program contract costs, and income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates have been consistently applied for all years presented in this report and in the past we have not experienced material differences between these estimates and actual results. However, because future events and their effects cannot be determined with certainty, actual results could differ from our estimates and such differences could be material.

We consider the following accounting policies to be the most critical as they are important to our financial condition and results of operations, and require significant judgment and estimates on the part of management in their application. For a detailed discussion of the application of these and other accounting policies, see *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*.

Valuation of Goodwill and Intangible Assets. At least annually, we periodically evaluate our goodwill and broadcast licenses for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on estimated future cash flows, market conditions, operating performance of our stations, legal factors and other various qualitative factors. As of December 31, 2015, our consolidated balance sheet includes $1,927.1 million and $132.5 million of goodwill and broadcast licenses, respectively, related to our Broadcast segment.

Both our annual goodwill and broadcast license impairment assessments begin with qualitatively assessing whether it is more-likely-than-not that the respective asset has been impaired. If we conclude that it is more-likely-than-not that a reporting unit or broadcast license is impaired, we apply the quantitative assessment, which involves comparing the estimated fair value of the reporting unit or broadcast license to its respective carrying value. See *Impairment of Goodwill, Intangibles and Other Long-Lived Assets* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Statement of Operations* for further discussion of the significant judgments and estimates inherent in both qualitatively assessing whether impairment may exist and estimating the fair values of the reporting units and broadcast licenses. See *Note 6. Goodwill, Broadcast Licenses and Other Intangible Assets* within the *Consolidated Financial Statements* for the results of our annual impairment tests during the years ended December 31, 2015, 2014 and 2013.

For our annual goodwill impairment tests in 2015, 2014 and 2013, we concluded that it was more-likely-than-not that goodwill was not impaired based on our qualitative assessments. For our annual impairment tests for broadcast licenses in 2015, 2014, and 2013, we concluded that it was more-likely-than-not that broadcast licenses were not impaired based on our qualitative assessments, except for broadcast licenses with an aggregate carrying value of $15.3 million in 2015 and $38.1 million in 2014 for which we performed the quantitative assessments. During 2014 we recorded $3.2 million of impairment, which was recorded in amortization of definite-lived intangibles and other assets in our consolidated statement of operations, primarily as a result of declines in projected future market revenues related to the radio broadcast licenses. During 2015, the results of our quantitative tests of broadcast licenses indicated that the aggregate fair values of those licenses exceeds the respective carrying values by approximately 30%.

We believe we have made reasonable estimates and utilized appropriate assumptions to evaluate whether it was more-likely-than-not that the fair values of our reporting units and broadcast licenses were less than their carrying values. If future results are not consistent with our assumptions and estimates, including future events such as a deterioration of market conditions or significant increases in discount rates, we could be exposed to impairment charges in the future. Any resulting impairment loss could have a material adverse impact on our consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows.

Program Contract Costs. As discussed under *Programming* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we record an asset and corresponding liability for programming rights when the cost of each program is known or reasonably determinable, the program material has been accepted by the licensee in accordance with the conditions of the license agreement and the program is available for its first showing or telecast. These costs are expensed over the period in which an economic benefit is expected to be derived. To ensure the related assets for the programming rights are reflected in the consolidated balance sheets at the lower of unamortized cost or estimated net realizable value (NRV), management estimates future advertising revenue, net of sales commissions, to be generated by the remaining program material available under the contract terms. Management's judgment is required in determining the timing of expense for these costs, which is dependent on the economic benefit expected to be generated from the program and may significantly differ from the timing of related payments under the contractual obligation. If our estimates of future advertising revenues decline, amortization expense could be accelerated or NRV adjustments may be required.

Income Tax. As discussed under *Income Taxes* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We provide a valuation allowance for deferred tax assets if we determine that it is more-likely-than-not that some or all of the deferred tax assets will not be realized. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies and forecasts of future taxable income. In considering these sources of taxable income, we must make certain judgments that are based on the plans and estimates used to manage our underlying businesses on a long-term basis. As of December 31, 2015 and 2014, a valuation allowance has been provided for deferred tax assets related to a substantial amount of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Future changes in operating and/or taxable income or other changes in facts and circumstances could significantly impact the ability to realize our deferred tax assets which could have a material effect on our consolidated financial statements.

Management periodically performs a comprehensive review of our tax positions and we record a liability for unrecognized tax benefits when such tax positions do not meet the "more-likely-than-not" threshold. Significant judgment is required in determining whether a tax position meets the more-likely-than-not threshold, and it is based on a variety of facts and circumstances, including interpretation of the relevant federal and state income tax codes, regulations, case law and other authoritative pronouncements. Based on this analysis, the status of ongoing audits and the expiration of applicable statute of limitations, liabilities are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. See *Note 10. Income Taxes* within the *Consolidated Financial Statements,* for further discussion of accrued unrecognized tax benefits.

Variable Interest Entities. As discussed under *Variable Interest Entities* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we have determined that certain third-party licensees of stations for which we perform services pursuant to arrangements, including LMAs and JSAs/SSAs, are VIEs and we are the primary beneficiary of those variable interests because, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of the VIE through the services we provide and because we absorb losses and returns that would be considered significant to the VIEs. Determining whether an entity is a VIE and whether we are the primary beneficiary of the variable interests requires judgment which is based on quantitative and qualitative factors that indicate whether or not we are absorbing a majority of the entity's economic risks or receiving a majority of the entity's economic rewards, based on the terms of the arrangements with the entity.

Recent Accounting Pronouncements

See *Recent Accounting Pronouncements* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements* for discussion on recent accounting policies and impact our financial statements.

RESULTS OF OPERATIONS

In general, this discussion is related to the results of our continuing operations, except for discussions regarding our cash flows, which also include the results of our discontinued operations. The results of the acquired stations during the years ended 2013, 2014, and 2015 are included in our results of our continuing operations for the years ended 2013, 2014, and 2015 from their respective dates of acquisition. See *Note 2. Acquisitions* within the *Consolidated Financial Statements* for further discussion of stations acquired. Additionally, the results of certain television stations that were sold and classified as discontinued operations are not included in the results of our continuing operations for the period. See *Discontinued Operations* under *Note 3. Disposition of Assets and Discontinued Operations* within the *Consolidated Financial Statements* for further discussion of excluded stations. Unless otherwise indicated, references in this discussion and analysis to 2015, 2014 and 2013 are to our fiscal years ended December 31, 2015, 2014 and 2013, respectively. Additionally, any references to the first, second, third or fourth quarters are to the three months ended March 31, June 30, September 30 and December 31, respectively, for the year being discussed. We have one reportable segment, "Broadcast" that is disclosed separately from our Other and Corporate activities.

Seasonality / Cyclicality

Our operating results are usually subject to seasonal fluctuations. Usually, the second and fourth quarter operating results are higher than the first and third quarters' because advertising expenditures are increased in anticipation of certain seasonal and holiday spending by consumers.

Our operating results are usually subject to fluctuations from political advertising. In even numbered years, political spending is usually significantly higher than in odd numbered years due to advertising expenditures preceding local and national elections. Additionally, every four years, political spending is usually elevated further due to advertising expenditures preceding the presidential election.

Operating Data

The following table sets forth certain of our operating data from continuing operations for the years ended December 31, 2015, 2014 and 2013 (in millions). For definitions of terms, see the footnotes to the table in *Item 6. Selected Financial Data*.

	Years Ended December 31,		
	2015	**2014**	**2013**
Media revenues	$ **2,011.9**	$ 1,784.6	$ 1,219.1
Revenues realized from station barter arrangements	**111.3**	122.3	88.7
Other non-media revenues	**95.9**	69.7	55.3
Total revenues	**2,219.1**	1,976.6	1,363.1
Media production expenses	**733.2**	578.7	386.5
Media selling, general and administrative expenses	**431.7**	372.2	251.3
Expenses recognized from station barter arrangements	**93.2**	107.7	77.3
Depreciation and amortization	**389.5**	335.5	222.3
Other non-media expenses	**71.8**	55.6	45.0
Corporate general and administrative expenses	**64.3**	62.5	53.1
Research and development	**12.4**	6.9	—
Loss (gain) on asset dispositions	**0.3**	(37.2)	3.4
Operating income	$ **422.7**	$ 494.7	$ 324.2
Net income attributable to Sinclair Broadcast Group	$ **171.5**	$ 212.3	$ 73.5

BROADCAST SEGMENT

Revenues

The following table presents our media revenues from continuing operations, net of agency commissions, for the years ended December 31, 2015, 2014 and 2013 (in millions):

				Percent Change	
	2015	**2014**	**2013**	**'15 vs. '14**	**'14 vs. '13**
Local revenues:					
Non-political	$ **1,627.6**	$ 1,341.5	$ 954.5	21.3%	40.5%
Political	**9.7**	22.3	1.5	(a)	(a)
Total local	**1,637.3**	1,363.8	956.0	20.1%	42.7%
National revenues:					
Non-political	**353.3**	309.2	251.2	14.3%	23.1%
Political	**16.1**	109.5	10.3	(a)	(a)
Total national	**369.4**	418.7	261.5	(11.8%)	60.1%
Total media revenues	$ **2,006.7**	$ 1,782.5	$ 1,217.5	12.6%	46.4%

(a) Political revenue is not comparable from year to year due to the cyclicality of elections. See *Political Revenues* below for more information.

Our largest categories of advertising and their approximate percentages of 2015 net time sales, which include the advertising portion of our local and national broadcast revenues, were automotive (25.5%), services (16.7%), medical (6.9%), retail/department stores (5.7%), and furniture (5.2%). No other advertising category accounted for more than 5.0% of our net time sales in 2015. No advertiser accounted for more than 0.8% of our consolidated revenue in 2015. We conduct business with thousands of advertisers.

Our primary types of programming and their approximate percentages of 2015 net time sales were local news (29.6%), syndicated programming (29.3%), network programming (28.8%), sports programming (8.3%), direct advertising programming (3.8%) and kids (0.2%).

From a network affiliation or program service arrangement perspective, the following table sets forth our affiliate percentages of net time sales for the years ended December 31, 2015 and 2014:

	# of Channels(a)	Percent of Net Time Sales for the Twelve Months Ended December 31, 2015	2014	2013	Net Time Sales Percent Change '15 vs. '14	'14 vs. '13
ABC	**32**	**28.7%**	25.7%	19.1%	12.5%	93.5%
FOX	**47**	**25.9%**	27.3%	31.2%	(3.8%)	25.3%
CBS	**29**	**17.7%**	20.0%	21.3%	(10.3%)	34.2%
NBC	**23**	**11.7%**	9.4%	6.1%	25.7%	120.3%
CW	**44**	**8.0%**	8.5%	9.8%	(4.3%)	24.1%
MNT	**34**	**6.5%**	7.8%	10.3%	(14.7%)	8.3%
Other (b)	**235**	**1.5%**	1.4%	2.2%	16.3%	(13.0%)
Total	**444**					

(a) See *Television Markets and Stations* within *Item 1. Business* for further channel details. We have acquired a significant number of television stations during 2015, 2014, and 2013, with a variety of network affiliations. This acquisition activity affects the year-over-year comparability of revenue by affiliation. See *Note 2. Acquisitions* within the *Consolidated Financial Statements* for further discussion of stations acquired.

(b) We broadcast other programming from the following providers on our channels including: Antenna TV, Azteca, Bounce Network, COMET, Decades, Estrella TV, Get TV, Grit, Heartland, Me TV, MundoFox, Retro TV, Telemundo, This TV, News & Weather, Univision and Zuus Country.

Media Revenues. Media revenues increased $224.2 million in 2015 when compared to 2014, of which $220.5 million was related to stations not included in the same period in 2014. The remaining increase was due to an increase in retransmission revenues from MVPD and increases in advertising revenues generated from the services, medical, and furniture sectors. These increases were partially offset by a decrease in advertising revenues generated from the political, schools, and fast food sectors. Excluding the stations acquired in 2015, automotive, which typically is our largest category, represented 25.5% of net time sales for the year ended December 31, 2015.

Media revenues increased $565.0 million in 2014 when compared to 2013, of which $457.9 million was related to stations not included in the same period in 2014. The remaining increase was due to an increase in retransmission revenues from MVPD and increases in advertising revenues generated from the political, medical and furniture sectors. These increases were partially offset by a decrease in advertising revenues generated from the direct response, retail-department stores, and restaurants-other sectors. Excluding the stations acquired in 2014, automotive, which typically is our largest category, represented 22.7% of net time sales for the year ended December 31, 2014.

Political Revenues. Political revenues, which include time sales from political advertising, decreased by $106.0 million to $25.8 million for 2015 when compared to 2014. Political revenues increased by $120.0 million to $131.8 million for 2014 when compared to 2013. Political revenues are typically higher in election years such as 2014. Accordingly, we expect political revenues to increase significantly in 2016, a presidential election year, from 2015 levels.

Local Revenues. Excluding political revenues, our local media revenues, which include local times sales, retransmission revenues, digital, and other local revenues, were up $286.1 million for 2015 when compared to 2014, of which $176.7 million was related to the stations not included in the same period in 2014. The remaining increase is due to an increase in advertising spending particularly in the entertainment, direct response, and home products sectors and an increase in retransmission revenues from MVPDs. These increases were partially offset by a decrease due to a decline in advertising revenues from the automotive, fast food, and schools sectors. Excluding political revenues, our local media revenues were up $387.0 million for 2014 when compared to 2013, of which $345.0 million related to the stations acquired in 2014. The remaining increase is due to an increase in advertising spending particularly in the medical, religion, and home products sectors and an increase in retransmission revenues from MVPDs. These increases were partially offset by a decrease due to a decline in advertising revenues from the schools, direct response and fast food sectors.

National Revenues. Our national media revenues, excluding political revenues, which include national time sales and other national revenues, were up $44.1 million for 2015 when compared to 2014, of which $44.1 million was related to the stations not included in the same period in 2014. The remaining increase was due to an increase in advertising revenues generated from the pharmaceutical/cosmetics, retail/department stores, and furniture sectors. These increases were partially offset by a decrease in advertising revenues in the telecommunications, paid programs, and automotive sectors. Excluding political revenues, our national media revenues increased $58.0 million for 2014 when compared to 2013, of which $77.7 million related to the stations acquired in 2014. The

remaining decrease was due to decreases in advertising revenues generated from the direct response, automotive, and food-grocery/other sectors. These decreases were partially offset by an increase in advertising revenues in the services, schools and pharmaceutical/cosmetics sectors.

Expenses

The following table presents our significant operating expense categories for the years ended December 31, 2015, 2014 and 2013 (in millions):

							Percent Change (Increase/(Decrease))	
		2015		**2014**		**2013**	**'15 vs. '14**	**'14 vs. '13**
Media production expenses	**$**	**714.1**	$	572.2	$	385.1	24.8%	48.6%
Media selling, general and administrative expenses	**$**	**427.2**	$	369.6	$	249.7	15.6%	48.0%
Amortization of program contract costs and net realizable value adjustments	**$**	**124.6**	$	106.6	$	80.9	16.9%	31.8%
Corporate general and administrative expenses	**$**	**55.8**	$	55.8	$	47.3	(2.8%)	20.1%
Depreciation and amortization expenses	**$**	**251.7**	$	218.5	$	133.1	15.2%	64.2%

Media production expenses. Media production expenses increased $141.9 million during 2015 compared to 2014, of which $93.0 million related to the stations not included in the same period in 2014. The remaining increases for the year were primarily due to increases in fees pursuant to network affiliation agreements, increased costs related to sports programming content and increased compensation expense.

Media production expenses increased $187.1 million during 2014 compared to 2013, of which $158.9 million related to stations not included in the same period of 2013. This increase was primarily due to increases in fees pursuant to network affiliation agreements, increased compensation expense and increased costs related to sports programming content.

Media selling, general and administrative expenses. Media selling, general and administrative expenses increased $57.6 million during 2015 compared to 2014, of which $41.6 million related to stations not included in the same period in 2014. The remaining increases for the year were primarily due to an increase in information technology infrastructure costs, increased compensation expense, increased insurance costs, increased digital interactive costs and a $9.3 million charge related to settling the benefit obligation of an inherited pension plan.

Media selling, general and administrative expenses increased $119.9 million during 2014 compared to 2013, of which $111.7 million related to the stations not included in the same period in 2013. The remaining increases for the year were primarily due to an increase in information technology infrastructure costs and compensation expense, partially offset by a decrease in digital interactive expenses.

Amortization of program contract costs and net realizable value adjustments. The amortization of program contract costs increased $18.0 million during 2015 compared to 2014, of which $5.7 million related to the stations not included in the same period of 2014. The remaining increase is due to expanding high quality film content across our broadcast platform.

The amortization of program contract costs increased $25.7 million during 2014 compared to 2013, of which $16.6 million related to the stations not included in the same period of 2013. The remaining increase is due to higher programming costs.

Corporate general and administrative expenses. See explanation under *Corporate and Unallocated Expenses.*

Depreciation and amortization expenses. Depreciation of property and equipment and amortization of definite-lived intangibles and other assets increased $33.2 million during 2015 compared 2014, of which $36.0 million related to the stations not included in the same period of 2014. Depreciation and amortization expenses increased $85.4 million during 2014 compared to 2013, of which $87.3 million related to a station not included in the same period of 2013.

OTHER

Media revenues, media production expenses, and media selling, general, and administrative expense. The media revenue included within Other primarily relates to original networks and content, as well as our digital and internet businesses. For the years ended December 31, 2015, 2014, and 2013, we recorded revenue of $5.2 million, $2.1 million, and $1.6 million, respectively. The year over year increases in media revenues primarily relate to increases in revenue from our sports network. For the years ended December 31, 2015, 2014, and 2013, we recorded expenses of $23.6 million, $9.1 million, and $3.1 million, respectively. Our expenses relate to the programming and production, general and administrative, depreciation and amortization and applicable other income and expense related to the operations of our network and content businesses. The year over year increases primarily relate to general and administrative costs related to the start-up of these businesses and production costs of new programming. See *Item 1. Business.* for a further discussion of these businesses.

Other non-media revenues and expenses. The following table presents our other non-media revenues and expenses for the years ended December 31, 2015, 2014 and 2013 (in millions):

							Percent Change	
		2015		**2014**		**2013**	**'15 vs. '14**	**'14 vs. '13**
Revenues:								
Investments in real estate ventures	**$**	**23.2**	$	7.9	$	7.4	193.7%	6.8%
Investments in private equity	**$**	**62.5**	$	53.9	$	45.0	16.0%	19.8%
Technical services	**$**	**10.2**	$	7.4	$	2.9	37.8%	155.2%
Expenses: (a)								
Investments in real estate ventures	**$**	**25.7**	$	14.9	$	14.9	72.5%	—
Investments in private equity	**$**	**56.7**	$	43.9	$	38.7	29.2%	13.4%
Technical services	**$**	**11.2**	$	9.3	$	4.7	20.4%	97.9%

(a) Comprises total expenses of the entity including general and administrative, depreciation and amortization and applicable other income and expense items such as interest expense and non-cash stock-based compensation expense related to issuances of subsidiary stock awards.

Investments in real estate ventures. We have controlling interests in certain real estate investments owned by Keyser Capital which we consolidate. For the year ended December 31, 2015, revenues from the investments increased $15.3 million compared to 2014, of which $15.2 million related to real estate development projects. For the year ended December 31, 2015, expenses from these investments increased $10.8 million compared to 2014, of which $9.9 million related to real estate development projects. For the year ended December 31, 2014, revenues from these investments increased $0.5 million compared to 2013, which primarily related to real estate development projects.

Investments in private equity. We have controlling interests in certain private equity investments owned by Keyser Capital, which we consolidate, including Triangle, a sign designer and fabricator, and Alarm Funding, a regional security alarm operating and bulk acquisition company. For the year ended December 31, 2015, revenues from investments in private equity increased $8.6 million compared to 2014, primarily relating to an increase in transaction volume from our sign and alarm businesses. For the year ended December 31, 2015, expenses from investments in private equity increased $12.8 million compared to 2014, of which $8.0 million related to increased transaction volume from our sign and alarm businesses.

For the year ended December 31, 2014, revenues from investments in private equity increased $8.9 million compared to 2013, primarily relating to an increase in transaction volume from our sign and alarm business. For the year ended December 31, 2014, expenses from investments in private equity increased $5.2 million compared to 2013, of which $7.2 million related to increased transaction volume from our sign and alarm businesses.

Technical Services. We own certain subsidiaries which service and support broadcast transmitters, and design and manufacture broadcast systems. See *Item 1. Business* for a further discussion of these businesses. For the year ended December 31, 2015, revenues and expenses related to Technical Services increased $2.8 million and $1.9 million, respectively, compared to 2014. For the year ended December 31, 2014 revenues and expenses related to Technical increased $4.5 million and $4.6 million, respectively compared to 2013. The increases in both revenues and expenses related to Technical for both 2015 and 2014 are due to increased transaction volume.

Research and development expenses. Our research and development expenses relate to our costs to create Next Gen. See *Development of Next Generation Broadcast Platforms (Next Gen)* under *Operating Strategy* under *Item 1. Business* for further discussion of this initiative. For the years

ending December 31, 2015 and 2014, research and development costs related to ONE Media, LLC were $12.4 million, and $6.9 million, respectively.

Income from Equity and Cost Method Investments. As of December 31, 2015 and 2014, the carrying value of our investments in private equity and real estate ventures, accounted for under the equity or cost method, was $20.8 million and $84.6 million in 2015 and $23.6 million and $71.8 million in 2014, respectively. Results of our equity and cost method investments in private equity investments and real estate ventures are included in income from equity and cost method investments in our consolidated statements of operations. During 2015, we recorded income of $3.6 million related to certain private equity investments and a loss of $2.7 million related to our real estate ventures, which included an impairment charge of $6.0 million related to one of our real estate ventures. During 2014 we recorded income of $3.1 million related to certain private investment funds and a loss of $1.0 million related to our real estate ventures. During 2013, we recorded income of $2.0 million related to certain private equity funds and income of $1.4 million related to our real estate ventures.

CORPORATE AND UNALLOCATED EXPENSES

							Percent Change (Increase/(Decrease))	
		2015		**2014**		**2013**	**'15 vs. '14**	**'14 vs. '13**
Corporate general and administrative expenses	**$**	**5.4**	$	5.3	$	4.5	28.6%	7.7%
Interest expense	**$**	**186.5**	$	170.8	$	159.7	9.2%	7.0%
Loss from extinguishment of debt	**$**	**—**	$	14.6	$	58.4	(100.0%)	(75.0%)
Income tax provision	**$**	**57.7**	$	97.4	$	41.2	(40.8%)	136.4%

Corporate general and administrative expenses. We allocate most of our corporate general and administrative expenses to the broadcast segment. The explanation that follows combines corporate general and administrative expenses found in the *Broadcast Segment* section with the corporate general and administrative expenses found in this section, *Corporate and Unallocated Expenses*. These results exclude general and administrative costs from our other divisions which are included in our discussion of expenses in the *Other* section.

Combined corporate general and administrative expenses increased to $64.2 million in 2015 from $62.5 million in 2014. Combined corporate general and administrative expenses increased to $62.5 million in 2014 from $53.1 million in 2013.

We expect corporate general and administrative expenses to increase in 2016 compared to 2015 due to expected increases in interest rates and financing a portion of all or any new acquisitions with debt.

Interest expense. Interest expense increased in 2015 compared to 2014 primarily due to the issuance of $550.0 million of 5.625% Notes in 2014 and incremental borrowings on our Bank Credit Agreement. The increase in interest expense was partially offset by a decrease in interest expense due to the redemption of 8.375% Notes during 2014. See *Note 7. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion.

Interest expense increased in 2014 compared to 2013 primarily due to the issuance of $550.0 million of 5.625% Notes and incremental borrowings on our Term Loan A, Term Loan B, and revolving credit facility under our Bank Credit Agreement during 2014; and the issuance of $600.0 million of 5.375% Notes and the issuance of $350.0 million of 6.375% Notes in 2013. The increase in interest expense was partially offset by a decrease in interest expense due to the redemption of 8.375% Notes during 2014; and the redemption of our 9.25% Notes, 4.875% Notes and 3.0% Notes in 2013.

We expect interest expense to increase in 2016 compared to 2015 as a result of a full year of interest expenses related to the amendment and restatement of our term loans in 2015 as discussed in *Note. 7 Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* and borrowings for our pending acquisitions discussed in *Note 11. Commitments and Contingencies* within the *Consolidated Financial Statements*.

Loss from extinguishment of debt. We recognized a loss on extinguishment of debt of $14.6 million for the year ended December 31, 2014 related to the redemption of the 8.375% Notes in October 2014.

During the year ended December 31, 2013, we recognized a loss on extinguishment of debt of $59.4 million related to the amendments of our Bank Credit Agreement in April and October 2013 and redemption of 9.25% Notes in October 2013, partially offset by a $1.0 million gain on extinguishment from our 3.0% Notes, resulting in a $58.4 million loss from extinguishment of debt. During the year ended December 31, 2013, we drew down our incremental borrowings under the Bank Credit Agreement and wrote off a portion of our deferred financing costs and debt discount on the Term Loan B, resulting in a loss of $0.3 million from extinguishment of debt.

Income tax (provision) benefit. The 2015 income tax provision for our pre-tax income from continuing operations (including the effects of noncontrolling interest) of $229.2 million resulted in an effective tax rate of 25.2%. The 2014 income tax provision for our pre-tax income from continuing operations (including the effects of the noncontrolling interest) of $309.7 million resulted in an effective tax rate of 31.5%. The decrease in the effective tax rate from 2014 to 2015 is primarily due to a $12.6 million benefit related to the realization of a capital loss from the 2015 sale of the stock of a subsidiary.

The 2013 income tax provision for our pre-tax income from continuing operations (including the effects of the noncontrolling interest) of $103.2 million resulted in an effective tax rate of 40.0%. The decrease in the effective tax rate from 2013 to 2014 is primarily due to the following items: 1) remeasurement of deferred state tax liabilities caused by intercompany mergers and changes in estimates of apportionment in certain states resulting in a $8.2 million benefit in 2014 compared to a $7.0 million expense in 2013; 2) $10.8 million reduction in liability for unrecognized tax benefits in 2014 as a result of statute of limitations expiration; partially offset by 3) greater benefit of state law changes in 2013.

As of December 31, 2015, we had a net deferred tax liability of $585.1 million as compared to a net deferred tax liability of $608.9 million as of December 31, 2014. The decrease primarily relates to: 1) an increase in deferred tax assets resulting from the realization of a capital loss from the sale of the stock of a subsidiary and 2) a decrease in net deferred tax liabilities associated with book-to-tax differences attributable to contingent interest obligations.

As of December 31, 2015, we had $3.3 million of gross unrecognized tax benefits. Of this total, $2.6 million (net of federal effect on state tax issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rate from continuing operations. As of December 31, 2014, we had $7.1 million of gross unrecognized tax benefits. Of this total, $6.4 million (net of federal effect on state tax issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rate from continuing operations. We recognized $0.2 million and $0.7 million of income tax expense for interest related to uncertain tax positions for the years ended December 31, 2015 and 2014, respectively. See *Note 10. Income Taxes* in the *Consolidated Financial Statements* for further information.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2015, we had $150.0 million in cash and cash equivalent balances, net working capital of approximately $166.8 million, and $482.9 million remaining borrowing capacity under our revolving credit facility. Cash generated by our operations and borrowing capacity under the Bank Credit Agreement are used as our primary sources of liquidity. We anticipate that existing cash and cash equivalents, cash flow from our operations and borrowing capacity under the revolving credit facility will be sufficient to satisfy our debt service obligations, capital expenditure requirements and working capital needs for the next twelve months. For our long-term liquidity needs, in addition to the sources described above, we may rely upon the issuance of long-term debt, the issuance of equity or other instruments convertible into or exchangeable for equity, or the sale of non-core assets. However, there can be no assurance that additional financing or capital or buyers of our non-core assets will be available, or that the terms of any transactions will be acceptable or advantageous to us.

In April 2015, we amended and restated our existing Bank Credit Agreement raising an additional $350.0 million of incremental term loan B commitments. See *Bank Credit Agreement* within *Note 7. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion.

On March 20, 2014, the Board of Directors authorized an additional $150.0 million share repurchase authorization, in addition to the $150.0 million previously authorized. There is no expiration date, and currently management has no plans to terminate this program. For the year ended December 31, 2015, we have purchased approximately 1.1 million shares for $28.8 million. As of December 31, 2015, the total remaining authorization was $105.5 million.

Sources and Uses of Cash

The following table sets forth our cash flows for the years ended December 31, 2015, 2014 and 2013 (in millions):

	2015	2014	2013
Net cash flows from operating activities	**$ 400.7**	$ 430.5	$ 160.6
Cash flows used in investing activities:			
Acquisition of property and equipment	**$ (91.4)**	$ (81.5)	$ (43.4)
Payments for acquisitions of television stations	**(17.0)**	(1,485.0)	(1,006.1)
Proceeds from the sale of broadcast assets	**23.7**	176.7	49.7
Purchase of alarm monitoring contracts	**(39.2)**	(27.7)	(23.7)
(Increase) Decrease in restricted cash	**(3.7)**	11.6	(11.5)
Investments in equity and cost method investees	**(44.7)**	(8.1)	(10.8)
Distributions from equity and cost method investees	**21.7**	3.9	5.3
Proceeds from termination of life insurance policies	**—**	17.0	—
Other, net	**(0.7)**	(4.3)	(10.7)
Net cash flows used in investing activities	**$ (151.3)**	$ (1,397.4)	$ (1,051.2)
Cash flows from financing activities:			
Proceeds from notes payable, commercial bank financing and capital leases	**$ 382.9**	$ 1,500.7	$ 2,278.3
Repayments of notes payable, commercial bank financing and capital leases	**(395.2)**	(582.7)	(1,509.8)
Proceeds from the sale of Class A Common Stock	**—**	—	472.9
Dividends paid on Class A and Class B common stock	**(62.7)**	(61.1)	(56.8)
Repurchase of outstanding Class A Common Stock	**(28.8)**	(133.2)	—
Payments for deferred financing costs	**(3.9)**	(16.6)	(27.7)
Noncontrolling distributions contributions	**(9.9)**	(8.2)	(10.3)
Other, net	**0.5**	5.6	1.3
Net cash flows (used in) from financing activities	**$ (117.1)**	$ 704.5	$ 1,147.9

Operating Activities

Net cash flows from operating activities decreased during the year ended December 31, 2015 compared to the same period in 2014. This decrease is primarily due to higher program payments, interest payments, and income taxes, compared to the same period in 2014, offset by an increase in cash received from customers. The increase in cash received from customers and higher interest and program payments is primarily related to stations acquired in the second half of 2014.

Net cash flows from operating activities increased during the year ended December 31, 2014 compared to the same period in 2013. The increase was due to higher cash receipts from customers, which is primarily due to our acquisitions since the same period in 2013. The increase was partially offset by higher program payments, higher cash payments to vendors, and higher compensation expenses.

Investing Activities

Net cash flows used in investing activities decreased during the year ended December 31, 2015, compared to the same period in 2014. This decrease is primarily due to fewer acquisitions of broadcast assets, partially offset by higher capital expenditures, a decrease in proceeds from the sale of broadcast assets, increase in the purchase of alarm contracts, and an increase in equity and cost method investments.

Net cash flows used in investing activities increased during the year ended December 31, 2014 compared to the same period in 2013. This increase is primarily due to $1,485.0 million in payments for the acquisition of television stations during 2014 compared to $1,006.1 million during 2013. See Note. 2 Acquisitions for discussion of stations acquired during those periods. The increase was also caused by higher capital expenditures and purchases of alarm monitoring contracts during 2014. The increase was partially offset by $176.7 million

in sales of broadcast assets during 2014 compared to $49.7 million in 2013. See *Note 3. Disposition of Assets and Discontinued Operations* in the *Consolidated Financial Statements* for discussion the sale of broadcast assets during the periods. The increase was also offset by proceeds from insurance settlements and the release of cash deposits for station acquisitions in 2014.

Financing Activities

Net cash flows from financing activities decreased during the year ended December 31, 2015, compared to the same period in 2014, due primarily to a decrease in net proceeds from notes payable from less activity in 2015 compared to 2014, partially offset by lower financing costs and less repurchases of Class A Common Stock.

Net cash flows from financing activities decreased during the year ended December 31, 2014, compared to the same period in 2013. The decrease is primarily related to the $133.2 million repurchase of Class A Common Stock and higher dividend payments during 2014 and the $472.9 million proceeds from issuance of Class A Common Stock in 2013. The decrease is partially offset by higher issuance of debt, net of redemptions, in the 2014 compared to 2013.

During 2014, our Board of Directors declared a quarterly dividend of $0.15 per share in the months of February and April, which were paid in March and June. In August and November our Board of Directors declared a quarterly dividend of $0.165 per share, which were paid in September and December. Total dividend payments for the year ended December 31, 2014 were $0.63 per share. During 2015, our Board of Directors declared a quarterly dividend of $0.165 per share in the months of February, May, August and November, which were paid in March, June, September and December, respectively. Total dividend payments for the year ended December 31, 2015 were $0.66 per share. In February 2016, our Board of Directors declared a quarterly dividend of $0.165 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends. Under our Bank Credit Agreement, in certain circumstances, we may make up to $200.0 million in unrestricted annual cash payments including but not limited to dividends, of which $50.0 million may carry over to the next year.

Contractual Obligations

We have various contractual obligations which are recorded as liabilities in our consolidated financial statements. Other items, such as certain purchase commitments and other executory contracts are not recognized as liabilities in our consolidated financial statements but are required to be disclosed. For example, we are contractually committed to acquire future programming and make certain minimum lease payments for the use of property under operating lease agreements.

The following table reflects a summary of our contractual cash obligations as of December 31, 2015 and the future periods in which such obligations are expected to be settled in cash (in millions):

CONTRACTUAL OBLIGATIONS RELATED TO CONTINUING OPERATIONS (a)

	Total	2016	2017-2018	2019-2020	2021 and thereafter
Notes payable, capital leases and commercial bank financing (b), (c)	$ 4,877.4	$ 339.0	$ 666.7	$ 944.4	$ 2,927.3
Notes and capital leases payable to affiliates (b)	29.2	5.1	7.9	6.1	10.1
Operating leases	102.9	18.9	28.5	22.4	33.1
Program content (d)	1,257.0	385.5	583.3	246.1	42.1
Programming services (e)	140.3	58.4	58.2	18.1	5.6
Investments and loan commitments (f)	22.1	22.1	—	—	—
Other (g)	120.5	11.6	19.5	17.5	71.9
Total contractual cash obligations	$ 6,549.4	$ 840.6	$ 1,364.1	$ 1,254.6	$ 3,090.1

(a) Excluded from this table are $3.3 million of accrued unrecognized tax benefits. Due to inherent uncertainty, we cannot make reasonable estimates of the amount and period payments will be made.

(b) Includes interest on debt and capital leases. Estimated interest on our variable rate debt has been calculated at an effective weighted interest rate of 3.31%. Variable rate debt represents $1.8 billion of our $3.9 billion total face value of debt as of December 31, 2015.

(c) See *Note 7. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion of the changes to notes payable, capital leases, and commercial bank financing during 2015.

(d) Our Program content includes contractual amounts owed through the expiration date of the underlying agreement for active and future program contracts, network programming and additional advertising inventory in various dayparts. Active program contracts are included in the balance sheet as an asset and liability while future program contracts are excluded until the cost is known, the program is available for its first showing or telecast and the licensee has accepted the program. Industry protocol typically enables us to make payments for program contracts on a three-month lag, which differs from the contractual timing within the table. Network programming agreements may include variable fee components such as subscriber levels, which in certain circumstances have been estimated and reflected in the table.

(e) Includes obligations related to rating service fees, music license fees, market research, weather and news services.

(f) Commitments to contribute capital to various non-media private equity investments.

(g) Other includes obligations related to post-retirement benefits, maintenance and support, other corporate contracts, other long-term liabilities, and LMA and outsourcing agreements. Excluded from the table are estimated amounts due pursuant to LMAs and outsourcing agreements where we consolidate the counterparty. The fees that we are required to pay under these agreements total $3.3 million, $1.6 million, $0.7 million and $0.2 million for the periods 2016, 2017-2018, 2019-2020 and 2021 and thereafter, respectively. Certain station related operating expenses are paid by the licensee and reimbursed by us under the LMA agreements. Certain of these expenses that are in connection with contracts are included in table above.

Off Balance Sheet Arrangements

Off balance sheet arrangements as defined by the SEC means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the registrant is a party, under which the registrant has: obligations under certain guarantees or contracts; retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangements; obligations under certain derivative arrangements; and obligations arising out of a material variable interest in an unconsolidated entity. As of December 31, 2015, we do not have any material off balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. At times we enter into derivative instruments primarily for the purpose of reducing the impact of changing interest rates on our floating rate debt and to reduce the impact of changing fair market values on our fixed rate debt. See *Note 7. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements,* for further discussion. As of December 31, 2015, we did not have any outstanding derivative instruments.

We are exposed to risk from the changing interest rates of our variable rate debt, primarily related to our Bank Credit Agreement. For the year ended December 31, 2015, interest expense on our term loans and revolver related to our Bank Credit Agreement was $53.8 million. We estimate that adding 1.0% to respective interest rates would result in an increase in our interest expense of $17.6 million for the year ended December 31, 2015. We also have $121.0 million of variable rate debt associated with our other non-media related investments. We estimate that adding 1.0% to respective interest rates would result in $1.0 million of additional interest expense for the year ended December 31, 2015. Our consolidated VIEs have $26.7 million of variable rate debt associated with the stations that we provide services to pursuant to LMAs and other outsourcing arrangements. We estimate that adding 1.0% to respective interest rates would result in an increase interest expense of the VIEs by $0.3 million for the year ended December 31, 2015.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A Common Stock is listed for trading on the NASDAQ stock market under the symbol SBGI. Our Class B Common Stock is not traded on a public trading market or quotation system. The following tables set forth for the periods indicated the high and low closing sales prices on the NASDAQ stock market for our Class A Common Stock.

2015	High	Low
First Quarter	**$ 32.43**	**$ 24.20**
Second Quarter	**$ 32.03**	**$ 27.52**
Third Quarter	**$ 30.23**	**$ 24.04**
Fourth Quarter	**$ 35.89**	**$ 24.80**

2014	High	Low
First Quarter	$ 36.74	$ 24.42
Second Quarter	$ 34.75	$ 25.12
Third Quarter	$ 35.90	$ 25.48
Fourth Quarter	$ 29.95	$ 23.94

As of February 19, 2016, there were approximately 50 shareholders of record of our Class A common stock. This number does not include beneficial owners holding shares through nominee names.

Dividend Policy

During 2014, our Board of Directors declared a quarterly dividend of $0.15 per share in the months of February and April, which were paid in March and June. In August and November our Board of Directors declared a quarterly dividend of $0.165 per share, which were paid in September and December. Total dividend payments for the year ended December 31, 2014 were $0.63 per share. During 2015, our Board of Directors declared a quarterly dividend of $0.165 per share in the months of February, April, August and November, which were paid in March, June, September and December, respectively. Total dividend payments for the year ended December 31, 2015 were $0.66 per share. In February 2016, our Board of Directors declared a quarterly dividend of $0.165 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends. Under our Bank Credit Agreement, there are certain terms that may restrict our ability to make dividend payments. See *Note 9. Common Stock* within the *Consolidated Financial Statements* for further discussion.

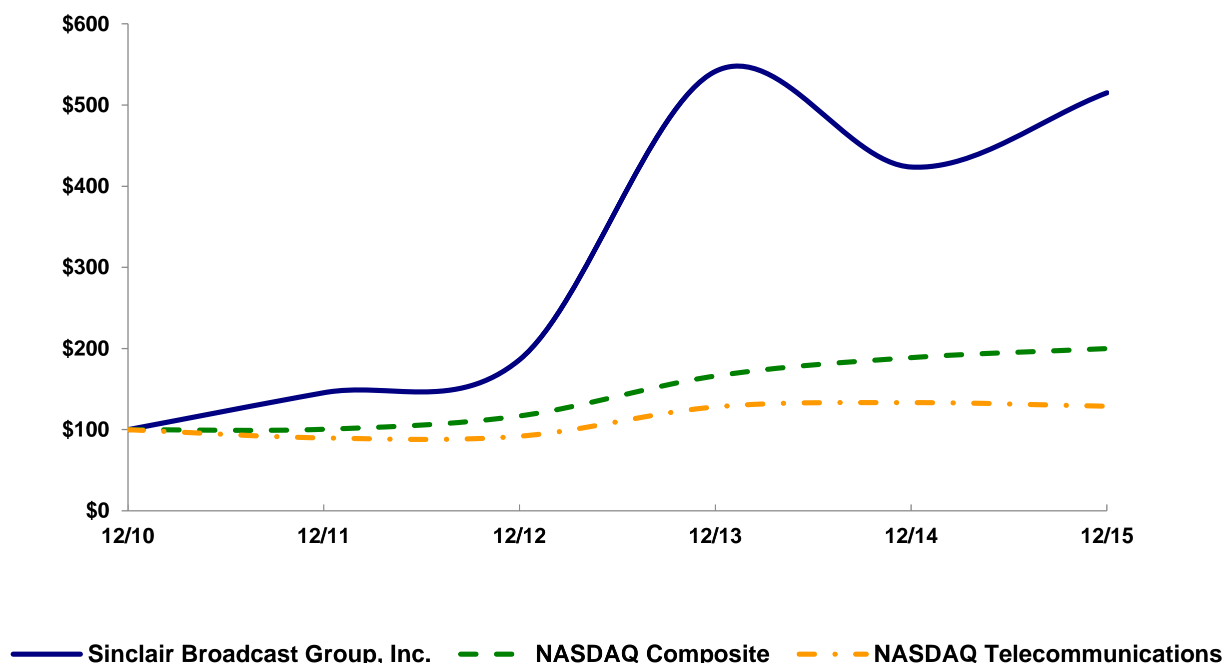
Comparative Stock Performance

The following line graph compares the yearly percentage change in the cumulative total shareholder return on our Class A Common Stock with the cumulative total return of the NASDAQ Composite Index and the cumulative total return of the NASDAQ Telecommunications Index (an index containing performance data of radio and television broadcast companies and communication equipment and accessories manufacturers) from December 31, 2010 through December 31, 2015. The performance graph assumes that an investment of $100 was made in the Class A Common Stock and in each Index on December 31, 2010 and that all dividends were reinvested. Total shareholder return is measured by dividing total dividends (assuming dividend reinvestment) plus share price change for a period by the share price at the beginning of the measurement period.

Company/Index/Market	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Sinclair Broadcast Group, Inc.	100.00	145.54	186.24	541.54	423.67	**515.16**
NASDAQ Telecommunications Index	100.00	100.53	116.92	166.19	188.78	**199.95**
NASDAQ Composite Index	100.00	89.84	91.94	128.06	133.34	**128.91**

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Sinclair Broadcast Group, Inc., the NASDAQ Composite Index
and the NASDAQ Telecommunications Index



*$100 invested on 12/31/10 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the design and effectiveness of our disclosure controls and procedures and our internal control over financial reporting as of December 31, 2015.

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the our management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The term "internal control over financial reporting," as defined in Rules 13a-15d-15(f) under the Exchange Act, means a process designed by, or under the supervision of our Chief Executive and Chief Financial Officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with generally accepted accounting principles (GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made in accordance with authorizations of management or our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material adverse effect on our financial statements.

Assessment of Effectiveness of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures as of December 31, 2015, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2015 based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on our assessment, management has concluded that, as of December 31, 2015, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management's override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

As of December 31,	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 149,972**	$ 17,682
Accounts receivable, net of allowance for doubtful accounts of $4,495 and $4,246, respectively	**424,608**	383,503
Current portion of program contract costs	**91,466**	88,198
Income taxes receivable	**823**	3,314
Prepaid expenses and other current assets	**26,903**	27,842
Deferred barter costs	**7,991**	5,626
Total current assets	**701,763**	526,165
PROGRAM CONTRACT COSTS, less current portion	**18,996**	38,531
PROPERTY AND EQUIPMENT, net	**717,137**	752,538
RESTRICTED CASH	**3,725**	—
GOODWILL	**1,931,093**	1,964,553
BROADCAST LICENSES	**132,465**	135,075
DEFINITE-LIVED INTANGIBLE ASSETS, net	**1,751,570**	1,818,263
OTHER ASSETS	**175,566**	175,203
Total assets (a)	**$ 5,432,315**	$ 5,410,328
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	**$ 251,313**	$ 260,848
Current portion of notes payable, capital leases and commercial bank financing	**164,184**	113,116
Current portion of notes payable and capital leases payable to affiliates	**3,166**	2,625
Current portion of program contracts payable	**108,260**	104,922
Deferred barter revenues	**8,080**	5,806
Total current liabilities	**535,003**	487,317
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	**3,669,160**	3,754,822
Notes payable and capital leases to affiliates, less current portion	**17,850**	16,309
Program contracts payable, less current portion	**56,921**	60,605
Deferred tax liabilities	**585,072**	608,932
Other long-term liabilities	**68,631**	77,000
Total liabilities (a)	**4,932,637**	5,004,985
COMMITMENTS AND CONTINGENCIES (See *Note 11*)		
EQUITY:		
SINCLAIR BROADCAST GROUP SHAREHOLDERS' EQUITY:		
Class A Common Stock, $.01 par value, 500,000,000 shares authorized, 68,792,483 and 69,578,899 shares issued and outstanding, respectively	**688**	696
Class B Common Stock, $.01 par value, 140,000,000 shares authorized, 25,928,357 and 25,928,357 shares issued and outstanding, respectively, convertible into Class A Common Stock	**259**	259
Additional paid-in capital	**962,726**	979,202
Accumulated deficit	**(437,029)**	(545,820)
Accumulated other comprehensive loss	**(834)**	(6,455)
Total Sinclair Broadcast Group shareholders' equity	**525,810**	427,882
Noncontrolling interests	**(26,132)**	(22,539)
Total equity	**499,678**	405,343
Total liabilities and equity	**$ 5,432,315**	$ 5,410,328

The accompanying notes are an integral part of these consolidated financial statements.

(a) Our consolidated total assets as of December 31, 2015 and 2014 include total assets of variable interest entities (VIEs) of $152.4 million and $163.3 million, respectively, which can only be used to settle the obligations of the VIEs. Our consolidated total liabilities as of December 31, 2015 and 2014 include total liabilities of the VIEs of $35.6 million and $30.0 million, respectively, for which the creditors of the VIEs have no recourse to us. See *Note 1. Nature of Operations and Summary of Significant Accounting Policies*.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands)

	2015	2014	2013
REVENUES:			
Media revenues	**$ 2,011,946**	$ 1,784,641	$ 1,219,091
Revenues realized from station barter arrangements	**111,337**	122,262	88,680
Other non-media revenues	**95,853**	69,655	55,360
Total revenues	**2,219,136**	1,976,558	1,363,131
OPERATING EXPENSES:			
Media production expenses	**733,199**	578,687	386,646
Media selling, general and administrative expenses	**431,728**	372,220	251,294
Expenses recognized from station barter arrangements	**93,204**	107,716	77,349
Amortization of program contract costs and net realizable value adjustments	**124,619**	106,629	80,925
Other non-media expenses	**71,803**	55,615	45,005
Depreciation of property and equipment	**103,433**	103,291	70,554
Corporate general and administrative expenses	**64,246**	62,495	53,126
Amortization of definite-lived intangible and other assets	**161,454**	125,496	70,820
Research and development	**12,436**	6,918	—
Loss (gain) on asset dispositions	**278**	(37,160)	3,392
Total operating expenses	**1,796,400**	1,481,907	1,039,111
Operating income	**422,736**	494,651	324,020
OTHER INCOME (EXPENSE):			
Interest expense and amortization of debt discount and deferred financing costs	**(191,447)**	(174,862)	(162,937)
Loss from extinguishment of debt	**—**	(14,553)	(58,421)
Income from equity and cost method investments	**964**	2,313	621
Other income, net	**1,540**	4,998	2,225
Total other expense	**(188,943)**	(182,104)	(218,512)
Income from continuing operations before income taxes	**233,793**	312,547	105,508
INCOME TAX PROVISION	**(57,694)**	(97,432)	(41,249)
Income from continuing operations	**176,099**	215,115	64,259
DISCONTINUED OPERATIONS:			
Income from discontinued operations	**—**	—	11,558
NET INCOME	**176,099**	215,115	75,817
Net income attributable to the noncontrolling interests	**(4,575)**	(2,836)	(2,349)
NET INCOME ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP	**$ 171,524**	$ 212,279	$ 73,468
Dividends declared per share	**$ 0.66**	$ 0.63	$ 0.60
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP:			
Basic earnings per share from continuing operations	**$ 1.81**	$ 2.19	$ 0.66
Basic earnings per share	**$ 1.81**	$ 2.19	$ 0.79
Diluted earnings per share from continuing operations	**$ 1.79**	$ 2.17	$ 0.66
Diluted earnings per share	**$ 1.79**	$ 2.17	$ 0.78
Weighted average common shares outstanding	**95,003**	97,114	93,207
Weighted average common and common equivalent shares outstanding	**95,728**	97,819	93,845
AMOUNTS ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP COMMON SHAREHOLDERS:			
Income from continuing operations, net of tax	**$ 171,524**	$ 212,279	$ 61,910
Income (loss) from discontinued operations, net of tax	**—**	—	11,558
Net income	**$ 171,524**	$ 212,279	$ 73,468

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands)

	2015	2014	2013
Net income	**$ 176,099**	$ 215,115	$ 75,817
Amortization of net periodic pension benefit costs, net of taxes	**190**	173	(392)
Adjustments to pension obligations, net of taxes	**621**	(3,814)	2,571
Pension settlement	**4,810**	—	—
Unrealized gain on investments, net of taxes	**—**	285	261
Comprehensive income	**181,720**	211,759	78,257
Comprehensive (income) loss attributable to the noncontrolling interests	**(4,575)**	(2,836)	(2,349)
Comprehensive income attributable to Sinclair Broadcast Group	**$ 177,145**	$ 208,923	$ 75,908

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands, except share data)

	Sinclair Broadcast Group Shareholders								
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity (Deficit)
	Shares	Value	Shares	Value					
BALANCE, December 31, 2012	52,332,012	$ 523	28,933,859	$ 289	$ 600,928	$ (713,697)	$ (4,993)	$ 16,897	$ (100,053)
Dividends declared on Class A and Class B Common Stock	—	—	—	—	—	(56,767)	—	—	(56,767)
Issuance of common stock, net of issuance costs	18,000,000	180	—	—	472,733	—	—	—	472,913
Class B Common Stock converted into Class A Common Stock	2,905,502	29	(2,905,502)	(29)	—	—	—	—	—
Redemption of 3% Convertible Debentures, net of taxes	—	—	—	—	(5,100)	—	—	—	(5,100)
4.875% Convertible Debentures converted into Class A Common Stock, net of taxes	338,632	3	—	—	8,599	—	—	—	8,602
Class A Common Stock issued pursuant to employee benefit plans	569,423	6	—	—	10,229	—	—	—	10,235
Tax benefit on share based awards	—	—	—	—	521	—	—	—	521
Distributions to non-controlling interests	—	—	—	—	—	—	—	(10,256)	(10,256)
Issuance of subsidiary share awards	—	—	—	—	—	—	—	344	344
Class A Common Stock sold by variable interest entities, net of taxes	—	—	—	—	7,008	—	—	—	7,008
Other comprehensive income	—	—	—	—	—	—	2,440	—	2,440
Net income	—	—	—	—	—	73,468	—	2,349	75,817
BALANCE, December 31, 2013	74,145,569	$ 741	26,028,357	$ 260	$ 1,094,918	$ (696,996)	$ (2,553)	$ 9,334	$ 405,704

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands, except share data)

	Sinclair Broadcast Group Shareholders								
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity (Deficit)
	Shares	Value	Shares	Value					
BALANCE, December 31, 2013	74,145,569	$ 741	26,028,357	$ 260	$ 1,094,918	$ (696,996)	$ (2,553)	$ 9,334	$ 405,704
Dividends declared on Class A and Class B Common Stock	—	—	—	—	—	(61,103)	—	—	(61,103)
Class B Common Stock converted into Class A Common Stock	100,000	1	(100,000)	(1)	—	—	—	—	—
Repurchases of Class A Common Stock	(4,876,121)	(48)	—	—	(133,109)	—	—	—	(133,157)
Class A Common Stock issued pursuant to employee benefit plans	209,451	2	—	—	11,510	—	—	—	11,512
Tax benefit on share based awards	—	—	—	—	1,365	—	—	—	1,365
Distributions to non-controlling interests	—	—	—	—	—	—	—	(6,936)	(6,936)
Deconsolidation of variable interest entity	—	—	—	—	4,518	—	(546)	(27,773)	(23,801)
Other comprehensive income	—	—	—	—	—	—	(3,356)	—	(3,356)
Net income	—	—	—	—	—	212,279	—	2,836	215,115
BALANCE, December 31, 2014	69,578,899	$ 696	25,928,357	$ 259	$ 979,202	$ (545,820)	$ (6,455)	$ (22,539)	$ 405,343

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands, except share data)

	Sinclair Broadcast Group Shareholders								
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity (Deficit)
	Shares	Value	Shares	Value					
BALANCE, December 31, 2014	69,578,899	$ 696	25,928,357	$ 259	$ 979,202	$ (545,820)	$ (6,455)	$ (22,539)	$ 405,343
Dividends declared on Class A and Class B Common Stock	—	—	—	—	—	(62,733)	—	—	(62,733)
Repurchase of Class A Common Stock	(1,107,887)	(11)	—	—	(28,812)	—	—	—	(28,823)
Class A Common Stock issued pursuant to employee benefit plans	321,471	3	—	—	11,624	—	—	—	11,627
Tax benefit on share based awards	—	—	—	—	712	—	—	—	712
Distributions to non-controlling interests, net	—	—	—	—	—	—	—	(9,918)	(9,918)
Issuance of subsidiary stock awards	—	—	—	—	—	—	—	1,750	1,750
Other comprehensive income	—	—	—	—	—	—	5,621	—	5,621
Net income	—	—	—	—	—	171,524	—	4,575	176,099
BALANCE, December 31, 2015	68,792,483	$ 688	25,928,357	$ 259	$ 962,726	$ (437,029)	$ (834)	$ (26,132)	$ 499,678

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands)

	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 176,099**	$ 215,115	$ 75,817
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation of property and equipment	**103,433**	103,291	70,554
Amortization of definite-lived intangible assets	**161,454**	125,496	70,820
Amortization of program contract costs and net realizable value adjustments	**124,619**	106,629	80,925
Loss on extinguishment of debt, non-cash portion	**—**	4,605	33,049
Stock-based compensation	**18,315**	14,296	10,573
Deferred tax (benefit) provision	**(28,446)**	(818)	22,518
Loss (gain) on the sale of assets	**278**	(37,160)	3,392
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	**(38,666)**	(44,253)	(90,635)
Net change in net income taxes payable/receivable	**3,203**	8,253	(4,937)
(Increase) decrease in prepaid expenses and other current assets	**(3,474)**	(2,215)	8,295
(Decrease) increase in accounts payable and accrued liabilities	**(18,134)**	53,312	7,954
Payments on program contracts payable	**(109,057)**	(93,682)	(90,080)
Original debt issuance discount paid	**—**	(3,583)	(23,766)
Real estate held for development and sale	**(2,674)**	(20,683)	(10,768)
Other, net	**13,745**	1,851	(3,134)
Net cash flows from operating activities	**400,695**	430,454	160,577
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Acquisition of property and equipment	**(91,421)**	(81,458)	(43,388)
Payments for acquisitions of television stations, net of cash acquired	**(17,011)**	(1,485,039)	(1,006,144)
Proceeds from the sale of broadcast assets	**23,650**	176,675	49,738
Purchase of alarm monitoring contracts	**(39,185)**	(27,701)	(23,721)
(Increase) decrease in restricted cash	**(3,725)**	11,616	(11,522)
Investments in equity and cost method investees	**(44,715)**	(8,104)	(10,767)
Proceeds from termination of life insurance policies	**—**	17,042	—
Investment in marketable securities	**—**	(925)	(11,604)
Distributions from cost method investees	**21,749**	3,869	5,258
Other, net	**(653)**	(3,331)	909
Net cash flow used in investing activities	**(151,311)**	(1,397,356)	(1,051,241)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES:			
Proceeds from notes payable, commercial bank financing and capital leases	**382,887**	1,500,720	2,278,293
Repayments of notes payable, commercial bank financing and capital leases	**(395,147)**	(582,764)	(1,509,760)
Proceeds from the sale of Class A Common Stock	**—**	—	472,913
Repurchase of outstanding Class A Common Stock	**(28,823)**	(133,157)	—
Dividends paid on Class A and Class B Common Stock	**(62,733)**	(61,103)	(56,767)
Payments for deferred financing costs	**(3,847)**	(16,590)	(27,724)
Noncontrolling interests distributions	**(9,918)**	(8,184)	(10,256)
Other, net	**487**	5,558	1,204
Net cash flows (used in) from financing activities	**(117,094)**	704,480	1,147,903
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**132,290**	(262,422)	257,239
CASH AND CASH EQUIVALENTS, beginning of year	**17,682**	280,104	22,865
CASH AND CASH EQUIVALENTS, end of year	**$ 149,972**	$ 17,682	$ 280,104

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

Sinclair Broadcast Group, Inc. is a diversified television broadcasting company that owns or provides certain programming, operating or sales services to television stations pursuant to broadcasting licenses that are granted by the Federal Communication Commission (the FCC or Commission). We owned and provided programming and operating services pursuant to local marketing agreements (LMAs) or provided or were provided sales services pursuant to outsourcing agreements (JSAs and SSAs) to 163 stations in 79 markets which broadcast 444 channels, as of December 31, 2015. For the purpose of this report, these 163 stations and 444 channels are referred to as "our" stations and channels.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and variable interest entities (VIEs) for which we are the primary beneficiary. Noncontrolling interest represents a minority owner's proportionate share of the equity in certain of our consolidated entities. All intercompany transactions and account balances have been eliminated in consolidation.

Variable Interest Entities

In determining whether we are the primary beneficiary of a VIE for financial reporting purposes, we consider whether we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether we have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. We consolidate VIEs when we are the primary beneficiary. The assets of each of our consolidated VIEs can only be used to settle the obligations of the VIE. All the liabilities are non-recourse to us except for certain debt of VIEs which we guarantee.

Third-party station licensees. Certain of our stations provide services to other station owners within the same respective market, such as LMAs, where we provide programming, sales, operational and administrative services, and JSAs and SSAs, where we provide non-programming, sales, operational and administrative services. In certain cases, we have also entered into purchase agreements or options to purchase, the license related assets of the licensee. We typically own the majority of the non-license assets of the stations and in some cases where the licensee acquired the license assets concurrent with our acquisition of the non-license assets of the station, we have provided guarantees to the bank for the licensee's acquisition financing. The terms of the agreements vary, but generally have initial terms of over five years with several optional renewal terms. As of December 31, 2015 and 2014, we have concluded that 37 of these licensees are VIEs, respectively. Based on the terms of the agreements and the significance of our investment in the stations, we are the primary beneficiary of the variable interests because, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of the VIE through the services we provide and because we absorb losses and returns that would be considered significant to the VIEs. Several of these VIEs are owned by a related party, Cunningham Broadcasting Corporation (Cunningham). See *Note 12. Related Person Transactions* for more information about the arrangements with Cunningham. The net revenues of the stations which we consolidate were $284.4 million, $286.3 million and $235.8 million for the years ended December 31, 2015, 2014, and 2013, respectively. The fees paid between us and the licensees pursuant to these arrangements are eliminated in consolidation. See *Changes in the Rules of Television Ownership and Joint Sale Agreements* within *Note 11. Commitments and Contingencies* for discussion of recent changes in FCC rules related to JSAs.

Up until third quarter of 2014, we had consolidated Cunningham (parent entity), in addition to their stations that we perform services for, as we had previously determined that it was a VIE because it had insufficient equity at risk. As of September 30, 2014, we concluded that Cunningham was no longer a VIE given its significant equity at risk in assets that we have no involvement with, and deconsolidated this entity, along with WTAT and WYZZ, stations that Cunningham acquired from us in July 2014 and November 2013, respectively, with which we have no continuing involvement. As a result of the deconsolidation, we recorded the difference between the proceeds received from Cunningham for the sale of WTAT and WYZZ to additional paid in capital in the consolidated balance sheet, as well as reflected the noncontrolling interest deficit of the remaining Cunningham VIEs which represents their significant cumulative distributions made to Cunningham (parent entity) that were previously eliminated in consolidation.

As of the dates indicated, the carrying amounts and classification of the assets and liabilities of the VIEs mentioned above which have been included in our consolidated balance sheets as of December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 490**	$ 491
Accounts receivable	**21,719**	19,521
Current portion of program contract costs	**13,287**	9,544
Prepaid expenses and other current assets	**331**	297
Total current asset	**35,827**	29,853
PROGRAM CONTRACT COSTS, less current portion	**4,541**	6,922
PROPERTY AND EQUIPMENT, net	**7,609**	9,716
GOODWILL	**787**	787
BROADCAST LICENSES	**17,599**	16,935
DEFINITE-LIVED INTANGIBLE ASSETS, net	**79,086**	96,732
OTHER ASSETS	**6,924**	2,376
Total assets	**$ 152,373**	$ 163,321
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	**$ 1,240**	$ 1,365
Current portion of notes payable, capital leases and commercial bank financing	**3,687**	3,659
Current portion of program contracts payable	**12,627**	9,714
Total current liabilities	**17,554**	14,738
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	**24,594**	28,640
Program contracts payable, less current portion	**13,679**	10,161
Other long-term liabilities	**8,067**	8,739
Total liabilities	**$ 63,894**	$ 62,278

The amounts above represent the consolidated assets and liabilities of the VIEs described above, for which we are the primary beneficiary, and have been aggregated as they all relate to our broadcast business. Excluded from the amounts above are payments made to Cunningham under the LMA which are treated as a prepayment of the purchase price of the stations and capital leases between us and Cunningham which are eliminated in consolidation. The total payments made under these LMAs as of December 31, 2015 and 2014, which are excluded from liabilities above, were $37.6 million and $34.4 million, respectively. The total capital lease liabilities, net of capital lease assets, excluded from the above were $4.5 million and $4.3 million, respectively for the years ended December 31, 2015 and 2014, respectively. Also excluded from the amounts above are liabilities associated with the certain outsourcing agreements and purchase options with certain VIEs totaling $72.5 million and $78.1 million as of December 31, 2015 and December 31, 2014, respectively, as these amounts are eliminated in consolidation. The risk and reward characteristics of the VIEs are similar.

Other investments. We have investments in other real estate ventures and investment companies which are considered VIEs. However, we do not participate in the management of these entities including the day-to-day operating decisions or other decisions which would allow us to control the entity, and therefore, we are not considered the primary beneficiary of these VIEs. We account for these entities using the equity or cost method of accounting.

The carrying amounts of our investments in these VIEs for which we are not the primary beneficiary as of December 31, 2015 and 2014 was $18.1 million and $22.7 million, respectively, are included in other assets in the consolidated balance sheets. See *Other Assets* below for more information related to our equity and cost method investments. Our maximum exposure is equal to the carrying value of our investments. The income and loss related to these investments are recorded in income from equity and cost method investments in the consolidated statement of operations. We recorded income of $7.7 million, $2.2 million and $2.1 million for the years ended December 31, 2015, 2014 and 2013, respectively, related to these investments.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance on revenue recognition for revenue from contracts with customers. This guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and will replace most existing revenue recognition guidance when it becomes effective. The new standard was to be effective for annual reporting periods beginning after December 15, 2016. In August 2015, the FASB decided to defer the effective date by one year to the annual reporting period beginning after December 15, 2017, however, early adoption as of the original effective date will be permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the impact of this guidance on our financial statements.

In August 2014, the FASB issued guidance on disclosure of uncertainties about an entity's ability to continue as a going concern. The new standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. We are currently evaluating the impact of this new guidance on our financial statements.

In February 2015, the FASB issued new guidance that amends the current consolidation guidance on the determination of whether an entity is a variable interest entity. This new standard is effective for the interim and annual periods beginning after December 15, 2015. We are currently evaluating the impact of this new guidance on our financial statements.

In April 2015, the FASB issued guidance related to the presentation of debt issuance costs in the balance sheet. The guidance requires costs paid to third parties that are directly attributable to issuing a debt instrument to be presented as a direct deduction from the carrying value of the debt as opposed to an asset. The new standard is effective for the annual reporting periods beginning after December 15, 2015 with early adoption permitted, and is required to be applied retrospectively. We applied the change in accounting as of June 30, 2015 with retrospective application to prior periods. As such, within our consolidated balance sheet as of December 31, 2014, we have decreased the amounts previously reported as other assets and notes payable, capital leases and commercial bank financing, less current portion by $41.8 million. The change in accounting principle does not have an impact on our statements of operations or cash flows.

In September 2015, the FASB issued guidance on the recognition of measurement period adjustments in connection with business combinations. The new standard eliminates the requirement to restate prior period financial statements for measurement period adjustments and now requires the cumulative impact of a measurement period adjustment, including the impact on prior periods, be recognized in the reporting period in which the adjustment is identified. The new standard also requires an entity to present separately on the face of the income statement or disclose in the notes, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date. We have early adopted this guidance effective September 30, 2015. We made certain immaterial measurement period adjustments related to prior period acquisitions during the year ended December 31, 2015. See *Note 2. Acquisitions* for more information. The impact of the adoption did not have a material impact on our financial statements.

In November 2015, FASB issued guidance requiring all deferred tax assets and liabilities, and any related valuation allowance, to be classified as noncurrent on the classified statement of financial position. We early adopted the guidance and applied the change in accounting as of December 31, 2015 with retrospective application to prior periods. As such, within our consolidated balance sheet as of December 31, 2014, we reclassified $6.7 million of deferred tax liabilities from current to long-term. The change in accounting principle does not have an impact on our statements of operations or cash flows.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

During 2015, we entered into certain definitive agreements to purchase certain stations discussed in under *Pending Acquisitions* in *Note 11. Commitments and Contingencies*, which required certain deposits to be made in escrow accounts. As of December 31, 2015, we had $3.7 million restricted cash classified as noncurrent related to the amounts held in escrow for these acquisitions.

Accounts Receivable

Management regularly reviews accounts receivable and determines an appropriate estimate for the allowance for doubtful accounts based upon the impact of economic conditions on the merchant's ability to pay, past collection experience and such other factors which, in management's judgment, deserve current recognition. In turn, a provision is charged against earnings in order to maintain the appropriate allowance level.

A rollforward of the allowance for doubtful accounts for the years ended December 31, 2015, 2014 and 2013 is as follows (in thousands):

	2015	2014	2013
Balance at beginning of period	**$ 4,246**	$ 3,379	$ 3,091
Charged to expense	**1,292**	2,186	1,802
Net write-offs	**(1,043)**	(1,319)	(1,514)
Balance at end of period	**$ 4,495**	$ 4,246	$ 3,379

Programming

We have agreements with distributors for the rights to television programming over contract periods, which generally run from one to seven years. Contract payments are made in installments over terms that are generally equal to or shorter than the contract period. Pursuant to accounting guidance for the broadcasting industry, an asset and a liability for the rights acquired and obligations incurred under a license agreement are reported on the balance sheet where the cost of each program is known or reasonably determinable, the program material has been accepted by the licensee in accordance with the conditions of the license agreement and the program is available for its first showing or telecast. The portion of program contracts which becomes payable within one year is reflected as a current liability in the accompanying consolidated balance sheets.

The rights to this programming are reflected in the accompanying consolidated balance sheets at the lower of unamortized cost or estimated net realizable value. With the exception of one and two-year contracts, amortization of program contract costs is computed using an accelerated method. Program contract costs are amortized on a straight-line basis for one and two-year contracts. Program contract costs estimated by management to be amortized in the succeeding year are classified as current assets. Payments of program contract liabilities are typically made on a scheduled basis and are not affected by adjustments for amortization or estimated net realizable value.

Estimated net realizable values are based on management's expectation of future advertising revenues, net of sales commissions, to be generated by the program material. We perform a net realizable value calculation quarterly for each of our program contract costs in accordance with the accounting guidance for the broadcasting industry. We utilize sales information to estimate the future revenue of each commitment and measure that amount against the commitment. If the estimated future revenue is less than the amount of the commitment, a loss is recorded in amortization of program contract costs and net realizable value adjustments in the consolidated statements of operations.

Barter Arrangements

Certain program contracts provide for the exchange of advertising airtime in lieu of cash payments for the rights to such programming. The revenues realized from station barter arrangements are recorded as the programs are aired at the estimated fair value of the advertising airtime given in exchange for the program rights. Program service arrangements are accounted for as station barter arrangements, however, network affiliation programming is excluded from these calculations. Revenues are recorded as revenues realized from station barter arrangements and the corresponding expenses are recorded as expenses recognized from station barter arrangements.

We broadcast certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenues. The deferred barter costs are expensed or capitalized as they are used, consumed or received and are included in station production expenses and station selling, general and administrative expenses, as applicable. Deferred barter revenues are recognized as the related advertising is aired and are recorded in revenues realized from station barter arrangements.

Other Assets

Other assets as of December 31, 2015 and 2014 consisted of the following (in thousands):

	2015	2014
Equity and cost method investments	**$ 116,031**	$ 107,847
Unamortized costs related to debt issuances	**3,663**	5,274
Other	**55,872**	62,082
Total other assets	**$ 175,566**	$ 175,203

We have equity and cost method investments primarily in private equity investments and real estate ventures. In the event that one or more of our investments are significant, we are required to disclose summarized financial information. For the years ended December 31, 2015, 2014 and 2013, none of our investments were significant individually or in the aggregate.

As of December 31, 2015 and 2014, our unfunded commitments related to private equity investment funds totaled $22.1 million and $15.6 million, respectively.

When factors indicate that there may be a decrease in value of an equity or cost method investment, we assess whether a loss in value has occurred related to the investment. If that loss is deemed to be other than temporary, an impairment loss is recorded accordingly. For any investments that indicate a potential impairment, we estimate the fair values of those investments using discounted cash flow models, unrelated third party valuations or industry comparables, based on the various facts available to us. For the year ended December 31, 2015, we recorded a $6.0 million impairment charge related to one real estate investment. For the year ended December 31, 2014, we there were no impairment charges recorded. For the year ended December 31, 2013, we recorded impairments of $0.6 million related to two of our investments. The impairments are recorded in the income (loss) from equity and cost method investments in our consolidated statement of operations.

Unamortized costs related to debt issuances represents direct costs related to our revolving credit facility and is amortized to interest expense over the term of the debt using the effective interest method. As discussed in *Recent Accounting Pronouncements* in this note above, unamortized costs related to our other debt issuances is recorded as a direct deduction from the carrying value of the debt recorded as liability. Previously capitalized debt financing costs are expensed and included in loss on extinguishment of debt if we determine that there has been a substantial modification of the related debt.

Impairment of Goodwill, Intangibles and Other Long-Lived Assets

We assess annually, in the fourth quarter, whether goodwill and indefinite-lived intangible assets are impaired. Additionally, impairment assessments may be performed on an interim basis when events or changes in circumstances indicate that impairment potentially exists. We aggregate our stations by market for purposes of our goodwill and broadcast licenses impairment testing. We believe that our markets are most representative of our broadcast reporting units because segment management views, manages and evaluates our stations on a market basis. Furthermore, in our markets, where we operate or provide services to more than one station, certain costs of operating the stations are shared including the use of buildings and equipment, the sales force and administrative personnel.

In our assessment of goodwill for impairment we first determine, based upon a qualitative assessment, whether it is more-likely-than-not a reporting unit has been impaired. As part of this qualitative assessment, for each reporting unit, we weigh the relative impact of factors that are specific to the reporting unit as well as industry and macroeconomic factors. The reporting unit specific factors that we consider include current and forecasted financial performance, the significance of the excess fair value over carrying value in prior quantitative assessments, and any changes to the reporting units' carrying amounts since the most recent impairment tests. We also consider whether there were any significant changes in the regulatory environment and business climate of the industry, and whether there were any negative pressures on growth rates and discount rates.

If we conclude that it is more-likely-than-not that a reporting unit is impaired, we will apply the quantitative two-step method. In the first step, we determine the fair value of the reporting unit and compare that fair value to the net book value of the reporting unit. The

fair value of the reporting unit is determined using various valuation techniques, including quoted market prices, observed earnings/cash flow multiples paid for comparable television stations and discounted cash flow models. Our discounted cash flow model is based on our judgment of future market conditions within each designated market area based on our internal forecast of future performance, as well as discount rates that are based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk. If the net book value of the reporting unit were to exceed the fair value, we would then perform the second step of the impairment test, which requires allocation of the reporting unit's fair value to all of its assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill to determine the implied fair value. An impairment charge will be recognized only when the implied fair value of a reporting unit's goodwill is less than its carrying amount.

For our annual impairment test for indefinite-lived intangibles, broadcast licenses, we apply a qualitative assessment to assess whether it is more-likely-than-not that broadcast licenses of a market are impaired. As part of this qualitative assessment, for each market, we weigh the relative impact of factors that are specific to the market as well as industry and macroeconomic factors that could affect the significant inputs used to determine the fair value of our broadcast license assets. The market specific factors that we consider include recent market projections from both independent and internal sources for advertising revenue and operating costs, estimated normal market share and capital expenditures, as well as the significance of the excess fair value over carrying value in prior quantitative assessments. We also consider whether there were any significant changes in the regulatory environment and business climate of the industry, and whether there were any negative pressures on growth rates and discount rates. When evaluating our broadcast licenses for impairment, the qualitative assessment is done at the market level because the broadcast licenses within the market are complementary and together enhance the single broadcast license of each station. If we conclude that it is more-likely-than-not that one of our broadcast licenses is impaired, we will perform a quantitative assessment by comparing the aggregate fair value of the broadcast licenses in the market to the respective carrying values. We apply the income approach, using a Greenfield method, to estimate the fair values of the broadcast licenses. The income approach method involves a discounted cash flow model that incorporates several variables, including, but not limited to, market revenues and long-term growth projections, estimated market share for the typical participant without a network affiliation and estimated profit margins based on market size and station type. The model also assumes outlays for capital expenditures, future terminal values, an effective tax rate assumption and a discount rate based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk. If the carrying amount of the broadcast licenses exceeds the fair value, then an impairment loss is recorded to the extent that the carrying value of the broadcast licenses exceeds the fair value.

We periodically evaluate our long-lived assets for impairment and continue to evaluate them as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. We evaluate the recoverability of long-lived assets by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. At the time that such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are tested for impairment by comparing their estimated fair value to the carrying value. We typically estimate fair value using discounted cash flow models and appraisals. See *Note 6. Goodwill, Broadcast Licenses and Other Intangible Assets*, for more information.

Accounts Payable and Accrued Liabilities

Accrued liabilities consisted of the following as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Compensation and employee health insurance	**$ 65,364**	$ 56,871
Interest	**32,788**	33,347
Deferred revenue	**24,837**	27,037
Programming related obligations	**54,381**	70,344
Other accruals relating to operating expenses	**73,943**	73,249
Total accounts payable and accrued liabilities	**$ 251,313**	$ 260,848

We expense these activities when incurred.

Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We provide a valuation allowance for deferred tax assets if we determine that it is more-likely-than-not that some or all of the deferred tax assets will not be realized. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies and forecasts of future taxable income. In considering these sources of taxable income, we must make certain judgments that are based on the plans and estimates used to manage our underlying businesses on a long-term basis. As of December 31, 2015 and 2014, a valuation allowance has been provided for deferred tax assets related to a substantial amount of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Future changes in operating and/or taxable income or other changes in facts and circumstances could significantly impact the ability to realize our deferred tax assets which could have a material effect on our consolidated financial statements.

Management periodically performs a comprehensive review of our tax positions and we record a liability for unrecognized tax benefits when such tax positions do not meet the "more-likely-than-not" threshold. Significant judgment is required in determining whether a tax position meets the "more-likely-than-not" threshold, and it is based on a variety of facts and circumstances, including interpretation of the relevant federal and state income tax codes, regulations, case law and other authoritative pronouncements. Based on this analysis, the status of ongoing audits and the expiration of applicable statute of limitations, liabilities are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. See *Note 10. Income Taxes*, for further discussion of accrued unrecognized tax benefits.

Supplemental Information — Statements of Cash Flows

During 2015, 2014 and 2013, we had the following cash transactions (in thousands):

	2015	**2014**	**2013**
Income taxes paid related to continuing operations	**$ 106,979**	$ 100,986	$ 26,037
Income tax refunds received related to continuing operations	**$ 196**	$ 1,407	$ 4,414
Interest paid	**$ 182,425**	$ 157,349	$ 147,083

Non-cash transactions related to capital lease obligations were $2.8 million and $10.4 million for the years ended December 31, 2015, and 2013, respectively. There were no non-cash transactions related to capital lease obligations for the year ended December 31, 2014. The non-cash conversion of the 4.875% Notes into Class A Common Stock was $8.6 million, net of taxes for the year ended December 31, 2014.

Revenue Recognition

Total revenues include: (i) cash and barter advertising revenues, net of agency commissions; (ii) retransmission consent fees; (iii) network compensation; (iv) other media revenues and (v) revenues from our other businesses.

Advertising revenues, net of agency commissions, are recognized in the period during which advertisements are placed.

Some of our retransmission consent agreements contain both advertising and retransmission consent elements. We have determined that these retransmission consent agreements are revenue arrangements with multiple deliverables. Advertising and retransmission consent deliverables sold under our agreements are separated into different units of accounting at fair value. Revenue applicable to the advertising element of the arrangement is recognized similar to the advertising revenue policy noted above. Revenue applicable to the retransmission consent element of the arrangement is recognized over the life of the agreement.

Network compensation revenue is recognized over the term of the contract. All other significant revenues are recognized as services are provided.

Share Repurchase Program

On October 28, 1999, we announced a $150.0 million share repurchase program, which was renewed on February 6, 2008. On March 20, 2014, the Board of Directors authorized an additional $150.0 million share repurchase authorization. There is no expiration date, and currently management has no plans to terminate this program. For the year ended December 31, 2015, we have purchased approximately 1.1 million shares for $28.8 million. As of December 31, 2015, the total remaining authorization was $105.5 million.

Advertising Expenses

Promotional advertising expenses are recorded in the period when incurred and are included in station production and other operating division expenses. Total advertising expenses from continuing operations, net of advertising co-op credits, were $23.9 million, $21.3 million and $15.4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Financial Instruments

Financial instruments, as of December 31, 2015 and 2014, consisted of cash and cash equivalents, trade accounts receivable, accounts payable, accrued liabilities and notes payable. The carrying amounts approximate fair value for each of these financial instruments, except for the notes payable. See *Note 7. Notes Payable and Commercial Bank Financing,* for additional information regarding the fair value of notes payable.

Post-retirement Benefits

During the fourth quarter of 2015, we fully settled the benefit obligation of our pension plan. We relieved our benefit obligation via lump sum distributions and/or the purchase of annuity contracts. Upon settlement we recorded $9.3 million of pension expense, including the recognition of $8.0 million of unamortized actuarial loses which was recorded in accumulated other comprehensive income, and $4.6 million of pension liability, representing the underfunded status of our defined pension plan, which was included within other long-term liabilities within our consolidated balance sheet.

In connection with the acquisition of Fisher Communications, Inc. (Fisher) in 2013 (see *Note 2. Acquisitions*), we assumed a nonqualified noncontributory supplemental retirement program (Fisher SERP) that was originally established for former executives of Fisher. No new participants have been admitted to this program since 2001 and the benefits of active participants were frozen in 2005. The program participants do not include any active employees. The Fisher SERP required continued employment or disability through the date of expected retirement, unless involuntarily terminated.

While the nonqualified plan is unfunded, Fisher had made investments in annuity contracts and life insurance policies on the lives of certain individual participants to assist in future payment of retirement benefits. The carrying value of the annuity contracts and life insurance policies was $2.2 million and $2.4 million as of December 31, 2015 and 2014, respectively, which was included in other assets in our consolidated balance sheet.

As of December 31, 2015, the estimated projected benefit obligation was $22.4 million, of which $1.8 million is included in accrued expenses in the consolidated balance sheet and the $20.6 million is included in other long-term liabilities. During the years ended December 31, 2015 and 2014, we made $1.5 million and $2.1 million in benefit payments, recognized $0.9 million and $1.0 million of periodic pension expense, reported in other expenses in the consolidated statement of operations, and $1.0 million of actuarial gains and $3.2 million of actuarial losses through other comprehensive income, respectively.

At December 31, 2015, the projected benefit obligation was measured using a 4.11% discount rate compared to a discount rate of 3.69% for the year ended December 31, 2014. We estimated its discount rate, in consultation with our independent actuaries, based on a yield curve constructed from a portfolio of high quality bonds for which the timing and amount of cash outflows approximate the estimated payouts of the plan.

We estimate that benefits expected to be paid to participants under the Fisher SERP as follows (in thousands):

	December 31,
2016	$ 1,791
2017	1,717
2018	1,649
2019	1,587
2020	1,535
Next 5 years	7,089

Reclassifications

Certain reclassifications have been made to prior years' consolidated financial statements to conform to the current year's presentation.

2. ACQUISITIONS:

During the years ended December 31, 2015, 2014 and 2013, we acquired certain assets related to a total of 88 television stations in 49 markets, in the aggregate, for an aggregate purchase price of $2,466.6 million plus working capital of $55.7 million, which is comprised of 1 station in 1 market in 2015 for a purchase price of $15.5 million; 22 stations in 15 markets in 2014 for an aggregate purchase price of $1,434.5 million plus working capital of $47.3 million; and 65 stations in 33 markets in 2013 for a purchase price $1,016.6 million plus working capital of $8.4 million. All of these acquisitions provide expansion into additional markets and increases value based on the synergies we can achieve. The following summarizes the material acquisition activity during the years ended December 31, 2014 and 2013:

2014 Acquisitions

Allbritton. Effective August 1, 2014, we completed the acquisition of all of the outstanding common stock of Perpetual Corporation and equity interest of Charleston Television, LLC (together the "Allbritton Companies") for $985.0 million plus working capital of $50.1 million. The Allbritton Companies owned and operated nine television stations in the following seven markets, all of which were affiliated with ABC: Washington, DC; Birmingham, AL; Harrisburg, PA; Little Rock / Pine Bluff, AR; Tulsa, OK; Roanoke / Lynchburg, VA; and Charleston, SC. Also included in the purchase was NewsChannel 8, a 24-hour cable/satellite news network covering the Washington, D.C. metropolitan area. We financed the total purchase price with proceeds from the issuance of 5.625% senior unsecured notes, a draw on our amended bank credit agreement, and cash on hand. See *Note 7. Notes Payable and Commercial Bank Financing*. In connection with the acquisition, we sold the acquired assets related to the Harrisburg, PA station effective September 1, 2014. See *Note 3. Disposition of Assets and Discontinued Operations* for further discussion.

MEG Stations. Effective December 19, 2014, we completed the acquisition of four television stations in three markets from Media General, Inc. (MEG Stations) for a purchase price of $207.5 million less working capital of $1.6 million. The acquired stations are located in the following markets: Providence, RI / New Bedford, MA; Green Bay / Appleton, WI; and Savannah, GA. We financed the purchase price with cash on hand and borrowing under our revolving credit facility. Simultaneously, we sold to Media General, our television stations in Tampa, FL and Colorado Springs, CO. See *Note 3. Disposition of Assets and Discontinued Operations* for further discussion. We financed the purchase price, net of the proceeds received from the sale of those stations, with borrowings under our revolving credit facility.

KSNV. Effective November 1, 2014, we completed the acquisition of certain of assets of KSNV (NBC) in Las Vegas, NV from Intermountain West Communications Company (Intermountain West) for $118.5 million less working capital of $0.2 million. In conjunction with the purchase, we assumed the rights under the affiliation agreement with NBC and swapped our KVMY call letters for the KSNV call letters. We financed the total purchase price with cash on hand and borrowings under our revolving credit facility.

Other 2014 Acquisitions. During the year ended December 31, 2014, we acquired certain assets related to eight other television stations in the following four markets: Wilkes Barre / Scranton, PA; Tallahassee, FL; Gainesville, FL; and Macon, GA. The purchase price for these stations was $123.5 million less working capital of $1.1 million which was financed with cash on hand and borrowings under our revolving credit facility.

2013 Acquisitions

Barrington. Effective November 22, 2013, we completed the acquisition of certain assets of Barrington Broadcasting Company, LLC (Barrington) for $370.0 million, less working capital of $2.3 million, which related to twenty-four stations in the following fifteen markets: Flint/Saginaw/Bay City/Midland, MI; Toledo, OH; Columbia, SC; Syracuse, NY; Harlingen/Weslaco/Brownsville/McAllen, TX; Colorado Springs, CO; Myrtle Beach/Florence, SC; Peoria/Bloomington, IL; Traverse City/Cadillac, MI; Amarillo, TX; Columbia/Jefferson City, MO; Albany, GA; Quincy, IL/Hannibal, MO/Keokuk, IA; Marquette, MI; and Ottumwa, IA/Kirksville, MO. Concurrent with the purchase, we entered into certain agreements with third parties to provide certain operational services to five of the stations. The purchase price includes $7.5 million paid by third parties for the license related assets these certain stations. We financed the purchase price with borrowings under our bank credit facility.

Fisher. Effective August 8, 2013, we completed the acquisition of all of the outstanding common stock of Fisher. We paid $373.2 million to the shareholders of the Fisher common stock, representing $41.0 per common share. We financed the total purchase price with cash on hand. Fisher owned and/or operated twenty-two television stations in the following eight markets: Seattle-Tacoma, WA; Portland, OR; Spokane, WA; Boise, ID; Eugene, OR; Yakima/Pasco/Richland/Kennewick, WA; Bakersfield, CA; and Idaho Falls/Pocatello, ID. Also included in the purchase were the assets of four radio stations in the Seattle/Tacoma, WA market.

Other 2013 Acquisitions. During the year ended December 31, 2013, we acquired nineteen other television stations in the following eight markets: Baltimore, MD; Fresno / Visalia, CA; Omaha, NE; Portland, ME; El Paso, TX; Johnstown / Altoona, PA; Reno, NV; Sioux City, IA; and Wheeling, WV / Steubenville, OH. The purchase price of $272.7 million plus working capital of $10.8 million includes $0.7 million paid by certain VIEs for the license assets of certain of these stations owned by VIEs that we consolidate.

The following tables summarize the allocated fair value of acquired assets and assumed liabilities, including the net assets of consolidated VIEs (in thousands):

	MEG Stations	KSNV	Allbritton	Other	Total 2014 acquisitions
Accounts receivable	$ —	$ —	$ 38,542	$ —	$ 38,542
Prepaid expenses and other current assets	476	67	19,890	79	20,512
Program contract costs	1,954	482	1,204	2,561	6,201
Property and equipment	23,462	8,300	46,600	8,352	86,714
Broadcast licenses	675	—	13,700	225	14,600
Definite-lived intangible assets	125,925	70,375	564,100	87,915	848,315
Other assets	—	—	20,352	1,500	21,852
Assets held for sale	—	—	83,200	—	83,200
Accounts payable and accrued liabilities	(2,085)	(277)	(8,351)	(1,143)	(11,856)
Program contracts payable	(1,914)	(481)	(1,140)	(2,554)	(6,089)
Deferred tax liability	—	—	(261,291)	—	(261,291)
Other long-term liabilities	—	(1,200)	(17,263)	—	(18,463)
Fair value of identifiable net assets acquired	148,493	77,266	499,543	96,935	822,237
Goodwill	57,398	41,024	535,694	25,501	659,617
Total	$ 205,891	$ 118,290	$ 1,035,237	$ 122,436	$ 1,481,854

	Fisher	Barrington	Other	Total 2013 acquisitions
Cash	$ 13,531	$ —	$ —	$ 13,531
Accounts receivable	29,485	—	8,226	37,711
Prepaid expenses and other current assets	19,133	681	5,217	25,031
Program contract costs	11,427	4,011	6,050	21,488
Property and equipment	73,968	73,621	67,034	214,623
Broadcast licenses	29,771	719	4,395	34,885
Definite-lived intangible assets	166,034	220,253	169,438	555,725
Other assets	9,284	—	1,394	10,678
Assets held for sale	6,339	—	—	6,339
Accounts payable and accrued liabilities	(20,127)	(2,725)	(3,926)	(26,778)
Program contracts payable	(10,977)	(3,813)	(6,331)	(21,121)
Deferred tax liability	(74,177)	—	(2,304)	(76,481)
Other long-term liabilities	(23,384)	(65)	(10,550)	(33,999)
Fair value of identifiable net assets acquired	230,307	292,682	238,643	761,632
Goodwill	143,942	75,004	45,538	264,484
Less: fair value of non-controlling interest	(1,053)	—	—	(1,053)
Total	$ 373,196	$ 367,686	$ 284,181	$ 1,025,063

The allocations presented above are based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates. The purchase prices have been allocated to the acquired assets and assumed liabilities based on estimated fair values.

During the year ended December 31, 2015, we made certain measurement period adjustments to the initial purchase accounting for the acquisitions in 2014, resulting in reclassifications between certain noncurrent assets and noncurrent liabilities, including a decrease to property and equipment of approximately $12.5 million, a decrease to broadcast licenses of $3.4 million, an increase to definite-lived intangible assets of $58.3 million, and a decrease to goodwill of $42.2 million, as well as a corresponding decrease to depreciation of $0.7 million and a decrease to amortization of $0.7 million during the year ended December 31, 2015.

The intangible assets will be amortized over the estimated remaining useful lives of 15 years for network affiliations and 10-15 years for the customer relationships. Acquired property and equipment will be depreciated on a straight-line basis over the respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and noncontractual relationships, as well as expected future synergies. Other intangible assets will be amortized over the respective weighted average useful lives ranging from 14 to 15 years.

The following tables summarize the amounts allocated to definite-lived intangible assets representing the estimated fair values and estimated goodwill deductible for tax purposes (in thousands):

	MEG Stations	KSNV	Allbritton	Other	Total 2014 acquisitions
Network affiliations	$ 56,925	$ 44,775	$ 356,900	27,575	$ 486,175
Customer relationships	45,500	25,600	207,200	44,800	323,100
Other intangible assets	23,500	—	—	15,540	39,040
Fair value of identifiable definite-lived intangible assets acquired	$ 125,925	$ 70,375	$ 564,100	$ 87,915	$ 848,315
Estimated goodwill deductible for tax purposes	$ 57,398	$ 41,024	$ —	$ 25,501	$ 123,923

	Fisher	Barrington	Other	Total 2013 acquisitions
Network affiliations	$ 117,499	$ 103,245	$ 99,805	$ 320,549
Customer relationships	18,110	41,939	19,992	80,041
Other intangible assets	30,425	75,069	49,641	155,135
Fair value of identifiable definite-lived intangible assets acquired	$ 166,034	$ 220,253	$ 169,438	$ 555,725
Estimated goodwill deductible for tax purposes	$ 10,765	$ 75,004	111,208	$ 196,977

The following tables summarize the results of the acquired operations included in the financial statements of the Company beginning on the acquisition date of each acquisition as listed above (in thousands):

Revenues	**2015**	**2014**	**2013**
MEG Stations	**$ 69,275**	$ 2,299	$ —
KSNV	**32,471**	5,972	—
Allbritton	**231,300**	106,258	—
Barrington	**154,279**	173,013	16,927
Fisher	**183,667**	184,534	79,078
Other stations acquired in:			
2014	**42,470**	9,172	—
2013	**140,208**	139,521	52,440
Total net broadcast revenues	**$ 853,670**	$ 620,769	$ 148,445

Operating Income	**2015**	**2014**	**2013**
MEG Stations	**$ 15,246**	$ 1,010	$ —
KSNV	**7,206**	2,108	—
Allbritton	**39,550**	26,914	—
Barrington	**24,435**	34,875	4,096
Fisher	**27,086**	26,940	19,019
Other stations acquired in:			
2014	**8,451**	1,569	—
2013	**23,068**	26,487	12,007
Total operating income	**$ 145,042**	$ 119,903	$ 35,122

In connection with the 2014 and 2013 acquisitions, for the years ended December 31, 2014 and 2013, we incurred a total of $5.7 million, and $2.8 million, respectively, of costs primarily related to legal and other professional services, which we expensed as incurred and classified as corporate general and administrative expenses in the consolidated statements of operations.

Pro Forma Information

The following table sets forth unaudited pro forma results of operations, assuming that the 2014 and 2013 acquisitions, along with transactions necessary to finance the acquisitions, occurred at the beginning of the year preceding the year of acquisition. The pro forma results exclude the 2014 and 2013 acquisitions presented under *Other* above, as they were deemed not material both individually and in the aggregate (in thousands, except per share data):

	(Unaudited)	
	2014	**2013**
Total revenues	$ 2,150,124	$ 1,838,167
Net Income	$ 189,174	$ 41,323
Net Income attributable to Sinclair Broadcast Group	$ 186,338	$ 38,974
Basic earnings per share attributable to Sinclair Broadcast Group	$ 1.92	$ 0.42
Diluted earnings per share attributable to Sinclair Broadcast Group	$ 1.90	$ 0.42

This pro forma financial information is based on historical results of operations, adjusted for the allocation of the purchase price and other acquisition accounting adjustments, and is not indicative of what our results would have been had we operated the businesses since the beginning of the annual period presented because the pro forma results do not reflect expected synergies. The pro forma adjustments reflect depreciation expense, amortization of intangibles and amortization of program contract costs related to the fair value adjustments of the assets acquired, additional interest expense related to the financing of the transactions, and exclusion of nonrecurring financing and transaction related costs. Depreciation and amortization expense are higher than amounts recorded in the historical financial statements of the acquirees due to the fair value adjustments recorded for long-lived tangibles and intangible assets in purchase accounting. The pro forma revenues and net income exclude the results of the stations acquired in 2014 or 2013 that were subsequently sold, as discussed above and in *Note 3. Disposition of Assets and Discontinued Operations*.

3. DISPOSITION OF ASSETS AND DISCONTINUED OPERATIONS:

Discontinued Operations

The operating results of our television stations in Lansing, MI (WLAJ-TV), which was sold effective March 1, 2013 for $14.4 million, and Providence, RI (WLWC-TV), which was sold effective April 1, 2013 for $13.8 million, are not included in our consolidated results of operations from continuing operations for the year ended December 31, 2013 and were classified as discontinued operations. Total revenues and income before taxes for WLAJ-TV and WLWC-TV, which are included in discontinued operations for the year ending December 31, 2013, were $0.6 million and $1.6 million, and $0.2 million and $0.4 million, respectively. The resulting gain on the sale of these stations in 2013 was negligible. In 2014, the FASB issued new guidance that changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the new guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of and represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. We early adopted this new guidance in 2014. If this guidance were effective for the above discontinued operations, then the sale of those television stations would not have met the criteria under the new guidance.

We recognized an $11.2 million income tax benefit during the year ended December 31, 2013, attributable to the adjustment of certain liabilities for unrecognized tax benefits related to discontinued operations. See *Note 10. Income Taxes* for further information.

Dispositions related to station acquisitions

As discussed in *Note 2. Acquisitions*, we completed the acquisition of certain broadcast assets from Media General. Simultaneously, in December 2014, we sold to Media General the broadcast assets of WTTA in Tampa, FL and KXRM/KXTU in Colorado Springs, CO for $93.1 million less working capital of $0.6 million. For the year ended December 31, 2014, we recognized a $39.0 million gain on sale related to WTTA.

Concurrent with the acquisition of the Allbritton companies discussed in *Note 2. Acquisitions*, due to FCC multiple ownership rules, we sold WHTM in Harrisburg/Lancaster/York, PA to Media General in September 2014 for $83.4 million, less working capital of $0.2 million and the non-license assets of WTAT in Charleston, SC to Cunningham for $14.0 million, effective August 1, 2014. WHTM was acquired from the Allbritton companies and assets of WHTM were classified as assets held for sale in the Allbritton purchase price allocation. We did not recognize a gain or loss on this transaction. Prior to the sale of WTAT, we operated the station under an LMA

and purchase agreement with Cunningham. This sale was accounted for as a transaction between parties under common control. See *Note 12. Related Person Transactions* for further discussion.

Concurrent with the Barrington acquisition, due to FCC multiple ownership rules, we sold our station, WSYT (FOX), and assigned its LMA with WNYS (MNT), in Syracuse, NY to a third party for $15.0 million, and recognized a loss on sale of $3.3 million. We also sold our station, WYZZ (FOX) in Peoria, IL, which receives non-programming related sales, operational and administrative services from Nexstar Broadcasting pursuant to certain outsourcing agreements, to Cunningham for $22.0 million. This sale was accounted for as a transaction between parties under common control. See *Note 12. Related Person Transactions* for further discussion.

Concurrent with the Fisher acquisition discussed in *Note 2. Acquisitions*, a third party that performed certain services pursuant to an outsourcing agreement to the station that we acquired, KIDK and KXPI in Idaho Falls, ID, exercised an existing purchase option to purchase the broadcast assets of the two stations for $6.3 million, which closed in November 2013. The assets of these stations were classified as assets held for sale in the Fisher purchase price allocation. See *Note 2. Acquisitions* for further discussion.

The dispositions of the above assets did not meet the criteria for classification as discontinued operations, therefore the results of operations are included in continuing operations in our consolidated statements of operations.

Assets Held for Sale

As of December 31, 2014, we classified the assets and liabilities of Triangle Sign & Service, LLC (Triangle) as held for sale, however it is no longer our intent to divest of Triangle and therefore the assets and liabilities are not classified as held for sale as of December 31, 2015. The results of operations related to Triangle are included within the results of continuing operations as the criteria for classification as discontinued operations were not met.

4. STOCK-BASED COMPENSATION PLANS:

In June 1996, our Board of Directors adopted, upon approval of the shareholders by proxy, the 1996 Long-Term Incentive Plan (LTIP). The purpose of the LTIP is to reward key individuals for making major contributions to our success and the success of our subsidiaries and to attract and retain the services of qualified and capable employees. Under the LTIP, we have issued restricted stock awards (RSAs), stock grants to our non-employee directors, stock-settled appreciation rights (SARs) and stock options. A total of 14,000,000 shares of Class A Common Stock are reserved for awards under this plan. As of December 31, 2015, 7,753,059 shares (including forfeited shares) were available for future grants. Additionally, we have the following arrangements that involve stock-based compensation: employer matching contributions (the Match) for participants in our 401(k) plan, an employee stock purchase plan (ESPP), and subsidiary stock awards. Stock-based compensation expense has no effect on our consolidated cash flows. For the years ended December 31, 2015, 2014 and 2013, we recorded stock-based compensation of $18.0 million, $13.9 million and $10.6 million, respectively. Below is a summary of the key terms and methods of valuation of our stock-based compensation awards:

RSAs. RSAs issued in 2015, 2014 and 2013 have certain restrictions that lapse over two years at 50% and 50%, respectively. As the restrictions lapse, the Class A Common Stock may be freely traded on the open market. Unvested RSAs are entitled to dividends. The fair value assumes the closing value of the stock on the measurement date.

The following is a summary of changes in unvested restricted stock:

	RSAs	Weighted-Average Price
Unvested shares at December 31, 2014	229,700	$ 18.71
2015 Activity:		
Granted	**101,050**	**24.93**
Vested	**(192,850)**	**16.89**
Forfeited	**—**	**—**
Unvested shares at December 31, 2015	**137,900**	**25.81**

For the years ended December 31, 2015, 2014 and 2013, we recorded compensation expense of $5.3 million, $3.2 million and $2.7 million, respectively. The majority of the unrecognized compensation expense of $1.1 million as of December 31, 2015 will be recognized in 2016. During 2015, RSAs increased the weighted average shares outstanding for purposes of determining dilutive earnings per share.

Stock Grants to Non-Employee Directors. In addition to directors fees paid, on the date of each of our annual meetings of shareholders, each non-employee director receives a grant of unrestricted shares of Class A Common Stock. In 2015, 2014 and 2013, we issued 20,000 shares, 12,000 shares and 31,250 shares, respectively. We recorded expense of $0.6 million, $0.4 million and $0.8 million for each of the years ended December 31, 2015, 2014 and 2013, respectively, which was based on the average share price of the stock on the date of grant. Additionally, these shares are included in the total shares outstanding, which results in a dilutive effect on our basic and diluted earnings (loss) per share.

SARs. During the years ended December 31, 2015, 2014 and 2013, 310,000, 200,000 and 500,000 SARs were granted with base values per share of $24.93, $27.86 and $14.21, respectively, to our President and Chief Executive Officer. The SARs have a 10-year term and vest immediately. The base value of each SAR is equal the closing price of our Class A Common Stock on the grant date. For the years ended December 31, 2015, 2014 and 2013, we recorded compensation expense equal to the estimated fair value at the grant date, of $2.6 million, $2.6 million and $3.2 million, respectively. We valued the SARs using the Black-Scholes model and the following assumptions:

	2015	**2014**	**2013**
Risk-free interest rate	**1.3%**	1.5%	0.9%
Expected years until exercise	**5 years**	5 years	5 years
Expected volatility	**47%**	65%	73%
Annual dividend yield	**2.7%**	2.2%	4.3%

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for U.S. Treasury zero coupon separate trading of registered interest and principal securities, commonly known as STRIPS, that approximate the expected life of the options. The expected volatility is based on our historical stock prices over a period equal to the expected life of the options. The annual dividend yield is based on the annual dividend per share divided by the share price on the grant date.

The following is a summary of the 2015 activity:

	SARs	**Weighted-Average Price**
Outstanding at December 31, 2014	1,600,000	$ 15.08
2015 Activity:		
Granted	**310,000**	**24.93**
Exercised	—	—
Outstanding SARs at December 31, 2015	**1,910,000**	**16.68**

The aggregate intrinsic value of the 1,910,000 outstanding as of December 31, 2015 was $30.3 million, and the outstanding SARs have a weighted average remaining contractual life of 6.41 years as of December 31, 2015. During 2015, 2014 and 2013, outstanding SARs increased the weighted average shares outstanding for purposes of determining dilutive earnings per share.

Options. Effective April 1, 2014, we entered into an employment agreement with our Chief Financial Officer, to grant annually on each December 31, an option to purchase 125,000 shares of Class A Common Stock beginning December 31, 2014 through December 31, 2021. Upon grant, the stock options are immediately exercisable. The maximum aggregate intrinsic value that can be earned under the arrangement cannot exceed $20 million. The stock options are granted with an exercise price equal to the closing price of the stock on the date of grant and have a 10 year contractual life.

	Options	**Weighted-Average Price**
Outstanding at December 31, 2014	125,000	$ 27.36
2015 Activity:		
Granted	**125,000**	**32.54**
Exercised	—	—
Outstanding Options at December 31, 2015	**250,000**	**29.95**

Since the stock options are fully vested upon grant and requisite service must be satisfied to receive the award, we estimate the fair value of each of the options to be issued in the future and recognize the compensation expense over the period until the actual grant date. The fair value of each award is remeasured each period until the actual grant with the ultimate cumulative expense equaling the grant date fair value of the award. During the years ended December 31, 2015 and 2014, we recorded $0.8 million and $1.5 million of

stock-based compensation expense related to this arrangement, respectively, based on estimated fair values of each of the options, of which $0.8 million and $1.1 million were attributable to the options granted on December 31, 2015 and 2014, respectively.

We value the stock options using the Black-Scholes pricing model. We used the following inputs to the model to value the options granted on December 31, 2015 and 2014, which have an exercise price of $32.54 and $27.36 per share, respectively:

	2015	2014
Risk-free interest rate	**1.9%**	1.8%
Expected years to exercise	**5 years**	5 years
Expected volatility	**42.1%**	47.6%
Annual dividend yield	**2.0%**	2.3%

The risk-free interest rate is based on the U.S. Treasury yield curve, in effect at the time of grant, for U.S. Treasury STRIPS that approximate the expected life of the options. The expected volatility is based on our historical stock prices over a period equal to the expected life of the options. The annual dividend yield is based on the annual dividend per share divided by the share price on the grant date.

Match. The Sinclair Broadcast Group, Inc. 401(k) Profit Sharing Plan and Trust (the 401(k) Plan) is available as a benefit for our eligible employees. Contributions made to the 401(k) Plan include an employee elected salary reduction amount, the Match and an additional discretionary amount determined each year by the Board of Directors. The Match and any additional discretionary contributions may be made using our Class A Common Stock if the Board of Directors so chooses. Typically, we make the Match using our Class A Common Stock.

The value of the Match is based on the level of elective deferrals into the 401(k) Plan. The amount of shares of our Class A Common Stock used to make the Match is determined using the closing price on or about March 1 of each year for the previous calendar year's Match. The Match is discretionary and is equal to a maximum of 50% of elective deferrals by eligible employees, capped at 4% of the employee's total cash compensation. For the years ended December 31, 2015, 2014 and 2013, we recorded $6.2 million, $5.2 million and $3.1 million, respectively, of stock-based compensation expense related to the Match. A total of 3,000,000 shares of Class A Common Stock are reserved for matches under the plan. As of December 31, 2015, 598,739 shares were available for future grants.

ESPP. The ESPP allows eligible employees to purchase Class A Common Stock at 85% of the lesser of the fair value of the common stock as of the first day of the quarter and as of the last day of that quarter, subject to certain limits as defined in the ESPP. The stock-based compensation expense recorded related to the ESPP for the years ended December 31, 2015, 2014 and 2013 was $0.7 million, $0.7 million and $0.3 million, respectively. A total of 2,200,000 shares of Class A Common Stock are reserved for awards under the plan. As of December 31, 2015, 132,383 shares were available for future grants.

Subsidiary Stock Awards. From time to time, we grant subsidiary stock awards to employees. The subsidiary stock is typically in the form of a membership interest in a consolidated limited liability company, not traded on a public exchange and valued based on the estimated fair value of the subsidiary. Fair value is typically estimated using discounted cash flow models and/or appraisals. These stock awards vest immediately. For the years ended December 31, 2015, 2014 and 2013, we recorded compensation expense of $1.8 million, $0.2 million and $0.3 million, respectively, related to these awards which increase noncontrolling interest equity. These awards have no effect on the shares used in our basic and diluted earnings per share.

5. PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is generally computed under the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 30 years
Station equipment	5 - 10 years
Office furniture and equipment	5 - 10 years
Leasehold improvements	Lesser of 10 - 30 years or lease term
Automotive equipment	3 - 5 years
Property and equipment under capital leases	Lease term

Acquired property and equipment as discussed in *Note 2. Acquisitions,* is depreciated on a straight-line basis over the respective estimated remaining useful lives.

Property and equipment consisted of the following as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Land and improvements	$ **60,678**	$ 55,269
Real estate held for development and sale	**91,106**	113,514
Buildings and improvements	**210,597**	192,478
Station equipment	**667,454**	684,176
Office furniture and equipment	**85,411**	70,402
Leasehold improvements	**22,693**	19,091
Automotive equipment	**47,402**	37,726
Capital leased assets	**84,474**	81,625
Construction in progress	**34,666**	18,774
	1,304,481	1,273,055
Less: accumulated depreciation	**(587,344)**	(520,517)
	$ **717,137**	$ 752,538

Capital leased assets are related to building, tower and equipment leases. Depreciation related to capital leases is included in depreciation expense in the consolidated statements of operations. We added a $2.8 million capital lease in the quarter ended December 31, 2015. We recorded capital lease depreciation expense of $3.9 million, $3.7 million and $4.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

6. GOODWILL, BROADCAST LICENSES AND OTHER INTANGIBLE ASSETS:

Goodwill, which arises from the purchase price exceeding the assigned value of the net assets of an acquired business, represents the value attributable to unidentifiable intangible elements being acquired. Goodwill totaled $1,931.1 million and $1,964.6 million at December 31, 2015 and 2014, respectively. The change in the carrying amount of goodwill related to continuing operations was as follows (in thousands):

	Broadcast	Other	Consolidated
Balance at December 31, 2013			
Goodwill	$ 1,790,167	$ 3,488	$ 1,793,655
Accumulated impairment losses	(413,573)	—	(413,573)
	1,376,594	3,488	1,380,082
Acquisition of television stations (a)	701,854	—	701,854
Sale of broadcast assets (d)	(26,731)	—	(26,731)
Deconsolidation of variable interest entities (b)	(21,357)	—	(21,357)
Measurement period adjustments related to 2013 acquisitions	(66,320)	—	(66,320)
Assets held for sale (e)	—	(2,975)	(2,975)
Balance at December 31, 2014 (c)			
Goodwill (a)	2,377,613	513	2,378,126
Accumulated impairment losses	(413,573)	—	(413,573)
	1,964,040	513	1,964,553
Acquisition of television stations (a)	5,802	—	5,802
Measurement period adjustments related to 2014 acquisitions	(42,237)	—	(42,237)
Change in assets held for sale (e)	—	2,975	2,975
Balance at December 31, 2015 (c)			
Goodwill	**2,341,178**	**3,488**	**2,344,666**
Accumulated impairment losses	**(413,573)**	**—**	**(413,573)**
	$ 1,927,605	**$ 3,488**	**$ 1,931,093**

(a) In 2015 and 2014, we acquired goodwill as a result of acquisitions as discussed in *Note 2. Acquisitions.*

(b) In 2014, we deconsolidated certain variable interest entities and the amounts relate to WYZZ in Peoria, IL and WTAT in Charleston, SC, as discussed in *Variable Interest Entities* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies.*

(c) Approximately $0.8 million of goodwill relates to consolidated VIEs as of December 31, 2015 and 2014.

(d) Amounts relate to the 2014 sale of WTTA in Tampa, FL and KXRM/KXTU in Colorado Springs, CO. See *Note 3. Disposition of Assets and Discontinued Operations* for further discussion on the sale of these stations.

(e) We concluded that the assets of Triangle were no longer classified as assets held for sale. See *Note 3. Disposition of Assets and Discontinued Operations* for further discussion.

We did not have any indicators of impairment in any interim period in 2015, 2014, or 2013, and therefore did not perform interim impairment tests for goodwill during those periods. We performed our annual impairment tests for goodwill in the fourth quarter of 2015 and 2014 and as a result of our qualitative assessment we concluded based on our qualitative assessment of goodwill that it was more-likely-than-not that the fair values of the reporting units would sufficiently exceed their carrying values and it was unnecessary to perform the quantitative two-step method.

The qualitative factors for our reporting units reviewed during our annual assessments, indicated stable or improving margins and favorable or stable forecasted economic conditions including stable discount rates and comparable or improving business multiples. Additionally, the results of prior quantitative assessments supported significant excess fair value over carrying value of our reporting units.

As of December 31, 2015 and 2014, the carrying amount of our broadcast licenses related to continuing operations was as follows (in thousands):

	2015	2014
Beginning balance	**135,075**	101,029
Acquisition of television stations (a)	**992**	18,027
Sale of broadcast assets	**(175)**	(45)
Impairment charge	**—**	(3,240)
Measurement period adjustments related to 2014 acquisitions	**(3,427)**	19,355
Deconsolidation of variable interest entities (b)	**—**	(51)
Ending balance (c)	**132,465**	135,075

(a) In 2015 and 2014, we acquired broadcast licenses as a result of acquisitions as discussed in *Note 2. Acquisitions.*

(b) In 2014, we deconsolidated certain variable interest entities and the amounts relate to WYZZ in Peoria, IL and WTAT in Charleston, SC, as discussed in *Variable Interest Entities* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies.*

(c) Approximately $17.6 million and $16.9 million of broadcast licenses relate to consolidated VIEs as of December 31, 2015 and 2014, respectively.

We did not have any indicators of impairment for broadcast licenses in any interim period in 2015, and therefore did not perform interim impairment tests during those periods. We performed our annual impairment tests for indefinite-lived intangibles in the fourth quarter of 2015 and as a result of our qualitative and quantitative assessments we recorded no impairment. We performed our annual impairment tests for indefinite-lived intangibles in the fourth quarter of 2014 and as a result of our qualitative and/or quantitative assessments we recorded $3.2 million in impairment, included with amortization of $113.4 million within the consolidated statement of operations, related to broadcast licenses with a carrying value of $21.1 million, compared to their estimated fair value of $17.9 million, as a result of a decrease in the projected future market revenues related to our radio broadcast licenses in Seattle, WA.

The key assumptions used to determine the fair value of our broadcast licenses consisted primarily of significant unobservable inputs (Level 3 fair value inputs), including discount rates, estimated market revenues, normalized market share, normalized profit margin, and estimated start-up costs. The qualitative factors for our broadcast licenses indicated an increase in market revenues, stable market shares and stable cost factors. The revenue, expense and growth rates used in determining the fair value of our broadcast licenses remained constant or increased slightly from 2014 to 2015. The growth rates are based on market studies, industry knowledge and historical performance. The discount rates used to determine the fair value of our broadcast licenses did not change significantly over the last three years. The discount rate is based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk.

The following table shows the gross carrying amount and accumulated amortization of definite-lived intangibles related to continuing operations (in thousands):

	As of December 31, 2015		
	Gross Carrying Value	**Accumulated Amortization**	**Net**
Amortized intangible assets:			
Network affiliation (a)	**1,378,425**	**(343,729)**	**1,034,696**
Customer Relationships (a)	**806,727**	**(225,176)**	**581,551**
Other (b)	**193,594**	**(58,271)**	**135,323**
Total	**2,378,746**	**(627,176)**	**1,751,570**

	As of December 31, 2014		
	Gross Carrying Value	**Accumulated Amortization**	**Net**
Amortized intangible assets:			
Network affiliation (a)	1,396,792	(257,526)	1,139,266
Customer Relationships (a)	749,292	(177,453)	571,839
Other (b)	174,442	(67,284)	107,158
Total	2,320,526	(502,263)	1,818,263

(a) Changes between the gross carrying value from December 31, 2014 to December 31, 2015, relate to the acquisition of stations in 2015 and measurement period adjustments related to 2014 acquisitions as discussed in *Note 2. Acquisitions*.

(b) The increase in other intangible assets is primarily due to the purchase of additional alarm monitoring contracts of $39.2 million, partially offset by measurement period adjustments as discussed in *Note 2. Acquisitions.*

Definite-lived intangible assets and other assets subject to amortization are being amortized on a straight-line basis over their estimated useful lives which generally range from 5 to 25 years. The total weighted average useful life of all definite-lived intangible assets and other assets subject to amortization acquired as a result of the acquisitions discussed in *Note 2. Acquisitions* is 14 years. The amortization expense of the definite-lived intangible and other assets for the years ended December 31, 2015, 2014 and 2013 was $161.5 million, $125.5 million and $70.8 million, respectively. We analyze specific definite-lived intangibles for impairment when events occur that may impact their value in accordance with the respective accounting guidance for long-lived assets. There were no impairment charges recorded for the years ended December 31, 2015, 2014 and 2013.

The following table shows the estimated amortization expense of the definite-lived intangible assets for the next five years (in thousands):

For the year ended December 31, 2016	152,011
For the year ended December 31, 2017	149,683
For the year ended December 31, 2018	148,350
For the year ended December 31, 2019	148,201
For the year ended December 31, 2020	147,890
Thereafter	1,005,435
	1,751,570

7. NOTES PAYABLE AND COMMERCIAL BANK FINANCING:

Bank Credit Agreement

We have a syndicated credit facility which includes both revolving credit and issued term loans (Bank Credit Agreement). During the years ended December 31, 2015, 2014 and 2013, the Bank Credit Agreement has been restated and amended several times to provide incremental financing to the acquisitions as discussed under *Note 2. Acquisitions*. As of December 31, 2015, $1,676.7 million, net of $12.9 million and $3.6 million deferred financing costs and debt discounts, respectively, of aggregate borrowings were outstanding under the Bank Credit Agreement, which consists of the following:

Term Loan A. As of December 31, 2015, $312.1 million of term loans maturing in April 2018 which bear interest at LIBOR plus 2.25% (Term Loan A) were outstanding, net of $1.5 million in deferred financing costs. On July 31, 2014, the most recent amendment to the Bank Credit Agreement, $327.7 million of Term Loan A was converted into revolving commitments. As of December 31, 2014, $348.1 million of Term Loan A was outstanding.

Term Loan B. As of December 31, 2015, $1,364.6 million of term loans, net of $11.4 million deferred financing costs and debt discounts of $3.6 million, were outstanding. On April 30, 2015, we amended and restated our bank credit agreement to raise an additional $350.0 million of incremental term loan B commitments. Including the incremental borrowings, these term loans consist of 1) $650.0 million original principal maturing in April 2020, bearing interest at LIBOR plus 2.25% with a 0.75% floor and 2) $750.0 million amended principal maturing July 2021, bearing interest at LIBOR plus 2.75% with a 0.75% LIBOR floor. As of December 31, 2014, $1,035.9 million of Term Loan B, net of debt discounts of $4.0 million, was outstanding.

Revolving Credit Facility. As of December 31, 2015 and 2014, our total commitments under the revolving credit facility (Revolver) were $485.2 million. The Revolver matures in April 2018 and bears interest at LIBOR plus 2.25%. We incur a commitment fee on undrawn capacity of 0.5%. On July 31, 2014, $327.7 million of Term Loan A was converted into revolving commitments. As of December 31, 2015, there were no outstanding borrowings and $2.3 million of letters of credit were issued under the Revolver. The remaining borrowing capacity under the Revolver was $482.9 million and $144.1 million as of December 31, 2015 and 2014, respectively.

Interest expense related to the Bank Credit Agreement, including the Revolver, in our consolidated statements of operations was $53.8 million, $38.7 million and $27.3 million for the years ended December 31, 2015, 2014 and 2013, respectively. Included in these amounts were amortization of debt refinancing costs of $2.2 million, $3.8 million and $2.4 million for the years ended December 31, 2015, 2014 and 2013 respectively, in accordance with debt modification accounting guidance that applied to the amendments. Additionally, we capitalized $3.6 million, $3.8 million and $14.9 million as deferred financing costs, during the years ended December 31, 2015, 2014 and 2013, respectively. Deferred financing costs are classified within our notes payable and commercial bank financing within our consolidated balance sheet, except for deferred financing costs related to our Revolver as discussed in *Other Assets* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies*. The weighted average effective interest rate of the Term Loan B for the years ended December 31, 2015 and 2014 was 3.54% and 3.30%, respectively. The weighted average effective interest rate of the Term Loan A for the years ended December 31, 2015 and 2014 was 2.47% and 2.38%, respectively. The weighted average effective interest rate of the Revolver for the year ended December 31, 2015 was 2.38%.

Our Bank Credit Agreement, as well as indentures governing our outstanding notes as described below, contains a number of covenants that, among other things, restrict our ability and our subsidiaries' ability to incur additional indebtedness with certain exceptions, pay dividends (See *Note 9. Common Stock*), incur liens, engage in mergers or consolidations, make acquisitions, investments or disposals and engage in activities with affiliates. In addition, under the Bank Credit Agreement, we are required to maintain a ratio of First Lien Indebtedness of 4.0 times EBITDA. As of December 31, 2015, we were in compliance with all financial ratios and covenants.

Our Bank Credit Agreement also contains certain cross-default provisions with certain material third-party licensees, defined as any party that owns the license assets of one or more television stations for which we provided services pursuant to LMAs and/or other outsourcing agreements and those stations provide 20% or more of our aggregate broadcast cash flows. A default by a material third-party licensee under our agreements with such parties, including a default caused by insolvency, would cause an event of default under our Bank Credit Agreement. As of December 31, 2015, there were no material third party licensees as defined in our Bank Credit Agreement.

Substantially all of our stock in our wholly-owned subsidiaries has been pledged as security for the Bank Credit Agreement.

5.625% Senior Unsecured Notes, due 2024

On July 23, 2014, we issued $550.0 million in senior unsecured notes, which bear interest at a rate of 5.625% per annum and mature on August 1, 2024 (the 5.625% Notes), pursuant to an indenture dated July 23, 2014 (the 5.625% Indenture). The 5.625% Notes were priced at 100% of their par value and interest is payable semi-annually on February 1 and August 1, commencing on February 1, 2015. Prior to August 1, 2019, we may redeem the 5.625% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 5.625% Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium as set forth in the 5.625% Indenture. In addition, on or prior to August 1, 2019, we may redeem up to 35% of the 5.625% Notes, using proceeds of certain equity offerings. If we sell certain of our assets or have certain changes of control, the holders of the 5.625% Notes may require us to repurchase some or all of the notes. The proceeds from the offering of the 5.625% Notes, together with borrowings under our Bank Credit Agreement and cash on hand, were used to finance the acquisition of the Allbritton companies effective August 1, 2014. Concurrent with entering into the 5.625% Indenture in July 2013, we also entered into a registration rights agreement requiring us to file a registration statement covering an offer to exchange of the 5.625% Notes for registered securities with the Securities and Exchange Commission (the SEC) which we completed in April 2015.

Interest expense was $30.9 million and $13.6 million for the years ended December 31, 2015 and 2014, respectively. Interest expense for 2015 includes $0.5 million in amortization of deferred financing costs. The weighted average effective interest rate for the 5.625% Notes was 5.830% for the year ended December 31, 2015.

6.375% Senior Notes, due 2021

On October 11, 2013, we issued $350.0 million in senior unsecured notes, which bear interest at a rate of 6.375% per annum and mature on November 1, 2021 (the 6.375% Notes), pursuant to an indenture dated October 11, 2013 (the 6.375% Indenture). The 6.375% Notes were priced at 100% of their par value and interest is payable semi-annually on May 1 and November 1, commencing on May 1, 2014. Prior to November 1, 2016, we may redeem the 6.375% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium as set forth in the 6.375% Indenture. In addition, on or prior to November 1, 2016, we may redeem up to 35% of the 6.375% Notes using the proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, holders of the 6.375% Notes may require us to repurchase some or all of the Notes. The proceeds from the offering of the 6.375% Notes were used to partially fund the redemption of the 9.25% Senior Secured Second Lien Notes, Due 2017 (the 9.25% Notes), as discussed further below.

Interest expense was $22.3 million, $22.4 million and $4.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. Interest expense for 2015 includes $0.6 million in amortization of deferred financing costs. The weighted average effective interest rate for the 6.375% Notes was 6.590% for the year ended December 31, 2015.

5.375% Senior Unsecured Notes, due 2021

On April 2, 2013, we issued $600.0 million of senior unsecured notes, which bear interest at a rate of 5.375% per annum and mature on April 1, 2021 (the 5.375% Notes), pursuant to an indenture dated April 2, 2013 (the 5.375% Indenture). The 5.375% Notes were priced at 100% of their par value and interest is payable semi-annually on April 1 and October 1, commencing on October 1, 2013. Prior to April 1, 2016, we may redeem the 5.375% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 5.375% Notes plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium as set forth in the 5.375% Indenture. Beginning on April 1, 2016, we may redeem some or all of the 5.375% Notes at any time or from time to time at a redemption price set forth in the 5.375% Indenture. In addition, on or prior to April 1, 2016, we may redeem up to 35% of the 5.375% Notes using proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, holders of the 5.375% Notes may require us to repurchase some or all of the Notes. The net proceeds from the offering of the 5.375% Notes were used to pay down outstanding indebtedness under our bank credit facility.

Interest expense was $32.3 million for both the years ended December 31, 2015 and 2014, and $24.1 million for the year ended December 31, 2013. Interest expense for 2015 includes $0.9 million in amortization of deferred financing costs. The weighted average effective interest rate for the 5.375% Notes was 5.580% for the year ended December 31, 2015.

6.125% Senior Unsecured Notes, due 2022

On October 12, 2012, we issued $500.0 million of senior unsecured notes, which bear interest at a rate of 6.125% per annum and mature on October 1, 2022 (the 6.125% Notes), pursuant to an indenture dated October 12, 2012 (the 2012 Indenture). The 6.125% Notes were priced at 100% of their par value and interest is payable semi-annually on April 1 and October 1, commencing on April 1, 2013. Prior to October 1, 2017, we may redeem the 6.125% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 6.125% Notes plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium as set forth in the 2012 Indenture. Beginning on October 1, 2017, we may redeem some or all of the 6.125% Notes at any time or from time to time at a redemption price set forth in the 2012 Indenture. In addition, on or prior to October 1, 2015, we could have redeemed up to 35% of the 6.125% Notes using proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, holders of the 6.125% Notes may require us to repurchase some or all of the Notes. The net proceeds from the offering of the 6.125% Notes were used to pay down outstanding indebtedness under the revolving credit facility under our Bank Credit Agreement and fund certain acquisitions as described under *Note 2. Acquisitions*, and for general corporate purposes.

Interest expense was $30.6 million for both the years ended December 31, 2015 and 2014, and $30.5 million for the year ended December 31, 2013. Interest expense for 2015 includes $0.7 million in amortization of deferred financing costs. The weighted average effective interest rate for the 6.125% Notes was 6.310% for the year ended December 31, 2015.

8.375% Senior Unsecured Notes, due 2018

Effective October 15, 2014, we redeemed all of the outstanding 8.375% Senior Notes due 2018, representing $237.5 million aggregate principal amount of Notes as of October 15, 2014. Upon the redemption, along with the principal, we paid the accrued and unpaid interest and a make whole premium of $9.9 million, for a total of $257.4 million paid to note holders. We recorded a loss on extinguishment of $14.6 million in the fourth quarter of 2014 related to this redemption.

Interest expense, including amortization of deferred financing costs was $16.0 million and $20.3 million for the years ended December 31, 2014 and 2013, respectively.

9.25% Senior Secured Second Lien Notes, Due 2017

Effective October 12, 2013, we redeemed all of the outstanding 9.25% Senior Secured Second Lien Notes, representing $500.0 million in aggregate principal amount. Upon the redemption, along with the principal, we paid the accrued and unpaid interest and a make whole premium of $25.4 million, for a total of $546.1 million paid to noteholders. We recorded a loss on extinguishment of $43.1 million in the fourth quarter of 2013 related to this redemption, which included the write-off of the unamortized deferred financing costs of $9.5 million and debt discount of $8.2 million.

Interest expense, including amortization of deferred financing costs was $37.3 million for the year ended December 31, 2013.

4.875% Convertible Senior Notes, due 2018 and 3.0% Convertible Senior Notes, Due 2027

In September 2013, 100% of the outstanding 4.875% Convertible Senior Notes, due in 2018 (the 4.875% Notes), representing aggregate principal of $5.7 million, were converted into 388,632 shares of Class A Common Stock, as permitted under the indenture, resulting in an increase in additional paid-in capital of $8.6 million, net of income taxes.

In October 2013, 100% of the outstanding 3.0% Convertible Senior Notes, due in 2027 (the 3.0% Notes), representing aggregate principal of $5.4 million, were converted and settled fully in cash of $10.5 million, as permitted under the indenture. As the original terms of the indenture included a cash conversion feature, the effective settlement of the liability and equity components were accounted for separately. The redemption of the liability component results in a $1.0 million gain on extinguishment, and the redemption of the equity component was recorded as a $5.1 million reduction in additional paid-in capital, net of taxes.

Debt of other non-media subsidiaries

Debt of our consolidated subsidiaries related to our non-media private equity investment and real estate ventures is non-recourse to us. Interest was paid on this debt at rates typically ranging from LIBOR plus 2.5% to a fixed 6.50% during 2015. During 2015, 2014 and 2013, interest expense on this debt was $3.8 million, $3.1 million and $3.2 million, respectively.

Debt of variable interest entities

Our consolidated VIEs have $26.3 million, net of $0.4 million deferred financing costs, in outstanding debt for which the proceeds were used to purchase the license assets of certain stations. See *Variable Interest Entities* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* and *Note 2. Acquisitions* for more information. The credit agreements and term loans of these VIEs each bear interest of LIBOR plus 2.50%. We have jointly and severally, unconditionally and irrevocably guaranteed the debt of the VIEs, as a primary obligor, including the payment of all unpaid principal of and interest on the loans.

For the years ended December 31, 2015, 2014 and 2013, the interest expense relating to the debt of our VIEs which was jointly and severally, unconditionally and irrevocably guaranteed was $1.7 million, $2.2 million and $1.2 million, respectively.

Summary

Notes payable, capital leases and the Bank Credit Agreement consisted of the following as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Bank Credit Agreement, Term Loan A	$ **313,620**	$ 348,073
Bank Credit Agreement, Term Loan B	**1,379,626**	1,039,876
Revolving credit facility	**—**	338,000
6.375% Senior Unsecured Notes, due 2021	**350,000**	350,000
5.375% Senior Unsecured Notes, due 2021	**600,000**	600,000
6.125% Senior Unsecured Notes, due 2022	**500,000**	500,000
5.625% Senior Unsecured Notes, due 2024	**550,000**	550,000
Debt of variable interest entities	**26,682**	30,167
Debt of other non-media subsidiaries	**120,969**	118,822
Capital leases	**34,774**	38,836
Total outstanding principal	**3,875,671**	3,913,774
Less: Discount on Bank Credit Agreement, Term Loan B	**(3,618)**	(3,992)
Less: Deferred financing costs	**(38,709)**	(41,844)
Less: Current portion	**(164,184)**	(113,116)
Net carrying value of long-term debt	**$ 3,669,160**	$ 3,754,822

Indebtedness under the notes payable, capital leases and the Bank Credit Agreement as of December 31, 2015 matures as follows (in thousands):

	Notes and Bank Credit Agreement	Capital Leases	Total
2016	$ 162,445	$ 4,792	$ 167,237
2017	79,101	4,819	83,920
2018	243,105	4,846	247,951
2019	14,545	4,957	19,502
2020	615,440	4,704	620,144
2021 and thereafter	2,726,261	33,089	2,759,350
Total minimum payments	3,840,897	57,207	3,898,104
Less: Discount on Bank Credit Agreement, Term Loan B	(3,618)	—	(3,618)
Less: Deferred financing cost	(38,709)	—	(38,709)
Less: Amount representing future interest	—	(22,433)	(22,433)
Net carrying value of debt	$ 3,798,570	$ 34,774	$ 3,833,344

As of December 31, 2015, we had 28 capital leases with non-affiliates; including 24 broadcast tower leases and four other non-media equipment leases. All of our tower leases will expire within the next 16 years and the equipment leases expire within the next 4 years. Most of our leases have 5-10 year renewal options and it is expected that these leases will be renewed or replaced within the normal course of business. For information related to our affiliate notes and capital leases, see *Note 12. Related Person Transactions*.

8. PROGRAM CONTRACTS:

Future payments required under program contracts as of December 31, 2015 were as follows (in thousands):

2016	$	108,260
2017		22,946
2018		14,270
2019		9,850
2020		7,562
2021 and thereafter		2,293
Total		165,181
Less: Current portion		108,260
Long-term portion of program contracts payable	$	56,921

Each future period's film liability includes contractual amounts owed, however, what is contractually owed does not necessarily reflect what we are expected to pay during that period. While we are contractually bound to make the payments reflected in the table during the indicated periods, industry protocol typically enables us to make film payments on a three months lag. Included in the current portion amounts are payments due in arrears of $26.6 million. In addition, we have entered into non-cancelable commitments for future program rights aggregating to $139.6 million as of December 31, 2015.

9. COMMON STOCK:

Holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to ten votes per share, except for votes relating to "going private" and certain other transactions. Substantially all of the Class B Common Stock is held by David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith who entered into a stockholders' agreement pursuant to which they have agreed to vote for each other as candidates for election to our board of directors until December 31, 2025. The Class A Common Stock and the Class B Common Stock vote together as a single class, except as otherwise may be required by Maryland law, on all matters presented for a vote. Holders of Class B Common Stock may at any time convert their shares into the same number of shares of Class A Common Stock. During 2015, no Class B Common Stock shares were converted into Class A Common Stock shares. During 2014, 100,000 Class B Common Stock shares were converted into Class A Common Stock shares.

Our Bank Credit Agreement and some of our subordinated debt instruments have restrictions on our ability to pay dividends. Under our Bank Credit Agreement, in certain circumstances, we may make unrestricted cash payments as long as our first lien indebtedness ratio does not exceed 3.75 to 1.00. Once our first lien indebtedness ratio exceeds 3.75 to 1.00, we have the ability to make up to $200.0 million in unrestricted annual cash payments including but not limited to dividends, of which $50.0 million may carry over to the next year, as long as we are in compliance with our first lien indebtedness ratio under the Bank Credit Agreement of 4.00 to 1.00. In addition, we have an aggregate basket of up to $250.0 million, as long as we are in compliance with our first lien indebtedness ratio of 4.00 to 1.00, and an aggregate basket of $50.0 million, as long as no Event of Default has occurred. Under the indentures governing the 6.125% Notes, 5.375% Notes, 6.375% Notes and 5.625% Notes, we are restricted from paying dividends on our common stock unless certain specified conditions are satisfied, including that:

- no event of default then exists under each indenture or certain other specified agreements relating to our indebtedness; and
- after taking into account the dividends payment, we are within certain restricted payment requirements contained in each indenture.

In addition, under certain of our debt instruments, the payment of dividends is not permissible during a default thereunder.

In April 2013, we commenced a public offering of 18.0 million shares of Class A common stock. The offering was priced at $27.25 per share on May 1, 2013 and closed on May 7, 2013. The net proceeds of $472.9 million were used to fund 2013 acquisitions and for general corporate purposes.

During 2014, our Board of Directors declared a quarterly dividend of $0.15 per share in the months of February and April, which were paid in March and June. In August and November our Board of Directors declared a quarterly dividend of $0.165 per share, which

were paid in September and December. Total dividend payments for the year ended December 31, 2014 were $0.63 per share. During 2015, our Board of Directors declared a quarterly dividend of $0.165 per share in the months of February, May, August and November, which were paid in March, June, September and December, respectively. Total dividend payments for the year ended December 31, 2015 were $0.66 per share. In February 2016, our Board of Directors declared a quarterly dividend of $0.165 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends.

On October 28, 1999, we announced a $150.0 million share repurchase program, which was renewed on February 6, 2008. On March 20, 2014, the Board of Directors authorized an additional $150.0 million share repurchase authorization. There is no expiration date and currently, management has no plans to terminate this program. During 2015, we repurchased approximately 1.1 million shares of Class A Common Stock for approximately $28.8 million on the open market including transaction costs. As of December 31, 2015, the total remaining authorization was $105.5 million.

10. INCOME TAXES:

The provision (benefit) for income taxes consisted of the following for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	2015	2014	2013
Provision for income taxes - continuing operations	**$ 57,694**	$ 97,432	$ 41,249
Benefit for income taxes - discontinued operations	**—**	—	(10,806)
	$ 57,694	$ 97,432	$ 30,443
Current:			
Federal	**$ 80,420**	$ 92,609	$ 16,229
State	**5,720**	5,641	(8,305)
	86,140	98,250	7,924
Deferred:			
Federal	**(26,637)**	3,170	20,214
State	**(1,809)**	(3,988)	2,305
	(28,446)	(818)	22,519
	$ 57,694	$ 97,432	$ 30,443

The following is a reconciliation of federal income taxes at the applicable statutory rate to the recorded provision from continuing operations:

	2015	2014	2013
Federal statutory rate	**35.0%**	35.0%	35.0%
Adjustments:			
State income taxes, net of federal tax benefit (1)	**0.6%**	(0.1%)	8.3%
Non-deductible items (2)	**1.2%**	3.4%	1.4%
Domestic Production Activities Deduction	**(3.9%)**	(3.2%)	(3.8%)
Effect of consolidated VIEs (3)	**1.4%**	0.8%	3.7%
Change in state tax laws and rates	**(0.3%)**	(0.1%)	(5.5%)
Changes in unrecognized tax benefits (4)	**(1.9%)**	(3.4%)	0.8%
Basis in stock of subsidiaries (5)	**(5.5%)**	—	—
Federal R&D Credit	**(1.1%)**	—	—
Other	**(0.3%)**	(0.9%)	0.1%
Effective income tax rate	**25.2%**	31.5%	40.0%

(1) Included in state income taxes are deferred income tax effects related to certain acquisitions and/or intercompany mergers.

(2) Included in 2014 is the current income taxes related to the taxable gain on sale of WHTM's assets in Harrisburg, PA, which we acquired with the stock purchase of the Allbritton Companies in the same year. There was no book gain on this sale. Since a deferred tax liability was not established for the excess of book basis over tax basis of goodwill, a deferred tax benefit does not offset the current tax expense.

(3) Certain of our consolidated VIEs incur expenses that are not attributable to non-controlling interests because we absorb certain related losses of the VIEs. These expenses are not tax-deductible by us, and since these VIEs are treated as pass-through entities for income tax purposes, deferred income tax benefits are not recognized.

(4) During the year ended December 31, 2015 and 2014, we recorded a $5.7 million and $10.8 million benefit, respectively, related to the release of liabilities for unrecognized tax benefits as a result of expiration of the applicable statute of limitations. See table below which summarizes the activity related to our accrued unrecognized tax benefits.

(5) During the year ended December 31, 2015, we recorded a $12.6 million benefit related to the realization of a capital loss upon the sale of the stock of a subsidiary.

Temporary differences between the financial reporting carrying amounts and the tax bases of assets and liabilities give rise to deferred taxes. Total deferred tax assets and deferred tax liabilities as of December 31, 2015 and 2014 were as follows (in thousands):

		2015		2014
Deferred Tax Assets:				
Net operating and capital losses:				
Federal	$	**14,884**	$	2,384
State		**65,822**		67,430
Goodwill and intangible assets		**33,979**		44,175
Other		**37,812**		27,677
		152,497		141,666
Valuation allowance for deferred tax assets		**(58,333)**		(58,896)
Total deferred tax assets	$	**94,164**	$	82,770
Deferred Tax Liabilities:				
Goodwill and intangible assets	$	**(561,812)**	$	(543,628)
Property & equipment, net		**(76,106)**		(72,819)
Contingent interest obligations		**(30,575)**		(40,941)
Other		**(10,743)**		(34,314)
Total deferred tax liabilities		**(679,236)**		(691,702)
Net deferred tax liabilities	$	**(585,072)**	$	(608,932)

Our remaining federal and state capital and net operating losses (NOL) will expire during various years from 2016 to 2035, and some of them are subject to annual limitations under the Internal Revenue Code Section 382 and similar state provisions. As discussed in *Income taxes* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies*, we establish valuation allowances in accordance with the guidance related to accounting for income taxes. As of December 31, 2015, a valuation allowance has been provided for deferred tax assets related to a substantial portion of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Although realization is not assured for the remaining deferred tax assets, we believe it is more-likely-than-not that they will be realized in the future. During the year ended December 31, 2015, we decreased our valuation allowance by $0.6 million to $58.3 million. The reduction in valuation allowance was primarily due to changes in estimates of apportionment for certain states. During the year ended December 31, 2014, we increased our valuation allowance by $7.8 million to $58.9 million. The change in valuation allowance was primarily due to intercompany mergers, effective December 31, 2014, which we expect will decrease the utilization of the state NOL carryforwards. During the year ended December 31, 2013, we decreased our valuation allowance by $8.3 million from $59.4 million. The reduction in valuation allowance was primarily due to a law change in a state tax jurisdiction, effective for years beginning after December 31, 2014, which we expect will significantly increase the forecasted future taxable income attributable to that state and result in utilization of the state NOL carryforwards.

As of December 31, 2015 and 2014, we had $3.3 million and $7.1 million of gross unrecognized tax benefits, respectively. Of this total, for the years ended December 31, 2015 and 2014, $2.6 and $6.4 million from respective continuing operations (net of federal effect on state tax issues) represent the amounts of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rates.

The following table summarizes the activity related to our accrued unrecognized tax benefits (in thousands):

	2015	2014	2013
Balance at January 1,	**$ 7,138**	$ 16,883	$ 25,965
Additions (reductions) related to prior year tax positions	**1,458**	—	(8,928)
Additions related to current year tax positions	**472**	1,450	693
Reductions related to settlements with taxing authorities	**(1,517)**	(2,910)	(847)
Reductions related to expiration of the applicable statute of limitations	**(4,294)**	(8,285)	—
Balance at December 31,	**$ 3,257**	$ 7,138	$ 16,883

In addition, we recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized $0.2 million, $0.7 million, and $1.2 million of income tax expense for interest related to uncertain tax positions for the years ended December 31, 2015, 2014 and 2013, respectively.

As previously discussed under *Discontinued Operations* within *Note 3. Disposition of Assets and Discontinued Operations*, during the year ended December 31, 2013, we reduced our liability for unrecognized tax benefits by $11.2 million related to discontinued operations. During the third quarter of 2013, we concluded that it was more-likely-than-not that a previously unrecognized state tax position would be sustained upon review of the state tax authority, based on new information obtained during the period, resulting in a reduction in the liability of $6.1 million. The remaining $5.1 million reduction in the second quarter of 2013 was the result of application of limits under an available state administrative practice exception.

We are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. All of our 2012 and subsequent federal and state tax returns remain subject to examination by various tax authorities. Some of our pre-2012 federal and state tax returns may also be subject to examination. We do not anticipate the resolution of these matters will result in a material change to our consolidated financial statements. In addition, we believe it is reasonably possible that our liability for unrecognized tax benefits related to continuing operations could be reduced by up to $1.0 million, in the next twelve months, as a result of expected statute of limitations expirations, the application of limits under available state administrative practice exceptions, and the resolution of examination issues and settlements with federal and certain state tax authorities.

11. COMMITMENTS AND CONTINGENCIES:

Litigation

We are a party to lawsuits and claims from time to time in the ordinary course of business. Actions currently pending are in various stages and no material judgments or decisions have been rendered by hearing boards or courts in connection with such actions. After reviewing developments to date with legal counsel, our management is of the opinion that none of our pending and threatened matters are material.

Various parties have filed petitions to deny our applications or applications of licensees that we provide services to under LMAs for the following stations' license renewals: WXLV-TV, Winston-Salem, North Carolina; WMYV-TV, Greensboro, North Carolina; WLFL-TV, Raleigh / Durham, North Carolina; WRDC-TV, Raleigh / Durham, North Carolina; WLOS-TV, Asheville, North Carolina; WCIV-TV, Charleston, South Carolina (formerly WMMP-TV); WMYA-TV, Anderson, South Carolina; WICS-TV Springfield, Illinois; WBFF-TV, Baltimore, Maryland; WTTE-TV, Columbus, Ohio; WRGT-TV, Dayton, Ohio; WVAH-TV, Charleston / Huntington, West Virginia; WCGV-TV, Milwaukee, Wisconsin; and WTTO-TV in Birmingham, AL. The FCC is in the process of considering the renewal applications and we believe the petitions have no merit.

Operating Leases

We have entered into operating leases for certain property and equipment under terms ranging from one to 44 years. The rent expense from continuing operations under these leases, as well as certain leases under month-to-month arrangements, for the years ended December 31, 2015, 2014 and 2013 was approximately $21.7 million, $19.4 million and $10.3 million, respectively.

Future minimum payments under the leases are as follows (in thousands):

2016	$ 18,944
2017	15,909
2018	12,542
2019	11,716
2020	10,648
2021 and thereafter	33,144
	$ 102,903

Changes in the Rules on Television Ownership

Certain of our stations have entered into what have commonly been referred to as local marketing agreements or LMAs. One typical type of LMA is a programming agreement between two separately owned television stations serving the same market, whereby the licensee of one station programs substantial portions of the broadcast day and sells advertising time during such programming segments on the other licensee's station subject to the latter licensee's ultimate editorial and other controls. We believe these arrangements allow us to reduce our operating expenses and enhance profitability.

In 1999, the FCC established a new local television ownership rule. LMAs fell under this rule, however, the rule grandfathered LMAs that were entered into prior to November 5, 1996, and permitted the applicable stations to continue operations pursuant to the LMAs until the conclusion of the FCC's 2004 biennial review. The FCC stated it would conduct a case-by-case review of grandfathered LMAs and assess the appropriateness of extending the grandfathering periods. The FCC did not initiate any review of grandfathered LMAs in 2004 or as part of its subsequent quadrennial reviews. We do not know when, or if, the FCC will conduct any such review of grandfathered LMAs. For LMAs executed on or after November 5, 1996, the FCC required compliance with the 1999 local television ownership rule by August 6, 2001. We challenged the 1999 rules in the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit), resulting in the exclusion of post-November 5, 1996 LMAs from the 1999 rules. In 2002, the D.C. Circuit ruled that the 1999 local television ownership rule was arbitrary and capricious and remanded the rule to the FCC. Currently, three of our LMAs are grandfathered under the local television ownership rule because they were entered into prior to November 5, 1996 and we believe that the remainder are subject to the stay imposed by the D.C. Circuit. If the FCC were to eliminate the grandfathering of these three LMAs, or the D.C. Circuit were to lift its stay, we would have to terminate or modify these LMAs. In connection with our acquisition of the Allbritton station in Charleston, the FCC has taken the position that the stay granted by the D.C. Circuit Court of Appeals allowing the continuation of an LMA between us and Cunningham relating to WTAT-TV in that market was no longer effective. In response to this, we terminated our LMA with WTAT-TV, effective on the acquisition of the Allbritton Companies, and other financial relationships between us and WTAT-TV were severed (other than a short-term transition services agreement, a sublease of tower space and a lease of certain transmission facilities). Cunningham purchased the non-license assets of WTAT-TV for $14.0 million.

In 2003, the FCC revised its ownership rules, including the local television ownership rule. The effective date of the 2003 ownership rules was stayed by the U. S. Court of Appeals for the Third Circuit and the rules were remanded to the FCC. Because the effective date of the 2003 ownership rules had been stayed and, in connection with the adoption of those rules, the FCC concluded the 1999 rules could not be justified as necessary in the public interest, we took the position that an issue exists regarding whether the FCC has any current legal right to enforce any rules prohibiting the acquisition of television stations. Several parties, including us, filed petitions with the Supreme Court of the United States seeking review of the Third Circuit decision, but the Supreme Court denied the petitions in June 2005.

On November 15, 1999, we entered into a plan and agreement of merger to acquire through merger WMYA-TV in Anderson, South Carolina from Cunningham, but that transaction was denied by the FCC. In light of the change in the 2003 ownership rules, we filed a petition for reconsideration with the FCC and amended our application to acquire the license of WMYA-TV. We also filed applications in November 2003 to acquire the license assets of, at the time, the remaining five Cunningham stations: WRGT-TV, Dayton, Ohio; WTAT-TV, Charleston, South Carolina; WVAH-TV, Charleston, West Virginia; WNUV-TV, Baltimore, Maryland; and WTTE-TV, Columbus, Ohio. The Rainbow/PUSH Coalition ("Rainbow/PUSH") filed a petition to deny these five applications and to revoke all of our licenses on the grounds that such acquisition would violate the local television ownership rules. The FCC dismissed our applications in light of the stay of the 2003 ownership rules and also denied the Rainbow/PUSH petition. Rainbow/PUSH filed a petition for reconsideration of that denial and we filed an application for review of the dismissal. In 2005, we filed a petition with the U. S. Court of Appeals for the D. C. Circuit requesting that the Court direct the FCC to take final action on our applications, but that petition was dismissed. On January 6, 2006, we submitted a motion to the FCC requesting that it take final action on our applications. Both the applications and the associated petition to deny are still pending. We believe the Rainbow/PUSH petition is without merit. On

February 8, 2008, we filed a petition with the U.S. Court of Appeals for the D.C. Circuit requesting that the Court direct the FCC to take final action on these applications and cease its use of the 1999 local television ownership rule that it re-adopted as the permanent rule in 2008. In July 2008, the D.C. Circuit transferred the case to the U.S. Court of Appeals for the Ninth Circuit, and we filed a petition with the D.C. Circuit challenging that decision, which was denied. We also filed with the Ninth Circuit a motion to transfer that case back to the D.C. Circuit. In November 2008, the Ninth Circuit consolidated our petition seeking final FCC action on our applications with the petitions challenging the FCC's current ownership rules and transferred the proceedings to the Third Circuit. In December 2008, we agreed voluntarily with the parties to the proceeding to dismiss the petition seeking final FCC action on the applications.

On March 12, 2014, the FCC issued a public notice on the processing of broadcast television applications proposing sharing arrangements and contingent interests. The public notice indicated that the FCC will closely scrutinize any broadcast assignment or transfer application that proposes that two or more stations in the same market will enter into an agreement to share facilities, employees and/or services or to jointly acquire programming or sell advertising including through a JSA, LMA or similar agreement and enter into an option, right of first refusal, put /call arrangement or other similar contingent interest, or a loan guarantee. We cannot now predict what actions the FCC may require in connection with the processing of applications for FCC consent to future transactions. In addition, on April 15, 2014, the FCC issued an order amending its multiple ownership rules to provide that, where two television stations are located in the same market, and a party with an attributable interest in one station sells more than 15% of the ad time per week of the other station, the party selling such ad time shall be treated as if it had an attributable ownership interest in the second station. The imputed ownership interest would be evaluated to determine whether it complies with the FCC's ownership rules that limit the number of stations in which parties may hold attributable interests. The amended rule also requires that every JSA contain certain certifications that the licensee maintains ultimate control of the station subject to such contract, that such JSAs be filed with the Commission and made available for public review, and that JSAs that existed on the effective date of the new rule have two years to be terminated, amended or otherwise come into compliance with the new rules. The new rule is the subject of an appeal to the United States Court of Appeals for the District of Columbia Circuit. We cannot predict the outcome of that appeal. Among other things, the new JSA rule could limit our future ability to create duopolies or other two-station operations in certain markets. Under the Satellite Television Extension and Localism Act Reauthorization (STELAR), Congress extended the period of time for parties to preexisting JSAs to come into compliance with the new rules, until December 19, 2016. On December 18, 2015, Congress passed and the President signed Public Law No. 114-113, which included a provision that grandfathered preexisting JSAs, effective as of March 31, 2014, for a 10 year period, or until October 1, 2025. We cannot predict whether we will be able to terminate or restructure such arrangements prior to October 1, 2025, on terms that are as advantageous to us as the current arrangements. The revenues of these JSA arrangements we earned during the years ended December 31, 2015 and 2014 were $46.8 million and $48.8 million, respectively.

In its Order approving the Allbritton transaction, the FCC expressed concerns regarding an LMA that had existed between Sinclair and Cunningham in the Charleston market, and that it believed Sinclair apparently violated the local TV ownership rule with respect to its continued operation of that LMA. The same agreement that governs the Charleston LMA also governs LMAs between Sinclair and Cunningham in three other markets. The existence of the Charleston LMA was repeatedly disclosed to the Commission over many years, during which Sinclair relied on a June 20, 2001, Stay Order issued by the United States Court of Appeals for the District of Columbia Circuit, which specifically stated that "the time for Sinclair to come into compliance with the Commission's 'eight voices standard' is hereby stayed pending further order of the court." No further order has been issued by the Court with respect to that stay. Sinclair has submitted a memorandum of counsel to the FCC with regard to the LMA and its reliance on the Court's Stay Order. We cannot predict what steps, if any, the FCC will take in the future with respect to the now terminated Charleston LMA.

In connection with the Allbritton acquisition, we agreed to surrender for cancellation the FCC licenses of WMMP, Charleston, SC, WCFT, Tuscaloosa, AL, and WJSU, Anniston, AL, all ABC affiliates, by September 29, 2014 and to terminate the Charleston LMA. In August 2014, we entered into an agreement to sell the license and related assets of WMMP to Howard Stirk Holdings II, LLC for $0.05 million, subject to the approval of the FCC, and other customary closing conditions. In September 2014, we entered into two other agreements to sell the licenses and related assets of WCFT and WJSU to Howard Stirk Holdings II LLC for $0.05 million per station, subject to the approval of the FCC, and other customary closing conditions. The FCC applications requested waiver or an extension of the September 29, 2014 deadline. The FCC granted the WCFT, WJSU and WMMP assignment applications on December 4, 2014. We sold the license and related assets to a third party on February 27, 2015. Subsequent, to the sale we retained the ABC network affiliation service agreements.

If we are required to terminate or modify our LMAs or JSAs, our business could be affected in the following ways:

Losses on investments. In some cases, we own the non-license assets used by the stations we operate under LMAs and JSAs. If certain of these arrangements are no longer permitted, we could be forced to sell these assets, restructure our agreements or find another use for them. If this happens, the market for such assets may not be as good as when we purchased them and, therefore, we cannot be certain of a favorable return on our original investments.

Termination penalties. If the FCC requires us to modify or terminate existing LMAs or JSAs before the terms of the agreements expire, or under certain circumstances, we elect not to extend the terms of the agreements, we may be forced to pay termination penalties under the terms of some of our agreements. Any such termination penalties could be material.

Pending Acquisitions

In October 2015, we entered into a definitive agreement to acquire KUQI (FOX), KTOV-LP (MNT) and KXPX-LP (Retro TV) in Corpus Christi, Texas from High Maintenance, LLC for $9.3 million. We completed the acquisition in January 2016. The acquisition was funded with cash on hand.

In October 2015, we entered into a definitive agreement to purchase the broadcast assets of WBST (CBS) in South Bend-Elkhart, Indiana, owned by Schurz Communications, Inc., and to sell the broadcast assets of WLUC (NBC and FOX) in Marquette, Michigan to Gray Television, Inc. We completed the station swap in February 2016.

In October, the Company entered into a definitive agreement to acquire KFXL (FOX) and KHGI, KHGI-LD, KWNB and KWNB-LD (ABC), in Lincoln, Nebraska for $31.3 million, subject to customary closing conditions. We expect to fund the acquisition with cash on hand in early 2016.

In January 2016, we entered into a definitive agreement to purchase the stock of Tennis Channel for $350.0 million. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions. The Company expects to fund the purchase price at closing, through cash on hand and a draw on the Company's revolving line of credit.

12. RELATED PERSON TRANSACTIONS:

Transactions with our controlling shareholders

David, Frederick, J. Duncan and Robert Smith (collectively, the controlling shareholders) are brothers and hold substantially all of the Class B Common Stock and some of our Class A Common Stock. We engaged in the following transactions with them and/or entities in which they have substantial interests:

Leases. Certain assets used by us and our operating subsidiaries are leased from entities owned by the controlling shareholders. Lease payments made to these entities were $5.1 million for both the years ended December 31, 2015 and 2014, and $5.2 million for the year ended December 31, 2013.

In September 2015, we were granted authority by the Federal Communications Commission (FCC) to operate an experimental facility in the Washington D.C. and Baltimore markets to implement a Single Frequency Network (SFN) using the base elements of the new ATSC 3.0 transmission standard. In conjunction with this experimental facility, Cunningham Communications, Inc. will be providing tower space without charge.

Capital leases payable related to the aforementioned relationships consisted of the following as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Capital lease for building, interest at 8.54%	**$ 3,508**	$ 4,972
Capital leases for building, interest at 7.93%	**679**	932
Capital leases for building, interest at 8.11%	**7,432**	7,843
Capital leases for broadcasting tower facilities, interest at 8.0%	**2,749**	390
Capital leases for broadcasting tower facilities, interest at 9.0%	**1,958**	—
Capital leases for broadcasting tower facilities, interest at 10.5%	**4,690**	4,797
	21,016	18,934
Less: Current portion	**(3,166)**	(2,625)
	$ 17,850	$ 16,309

Capital leases payable related to the aforementioned relationships as of December 31, 2015 mature as follows (in thousands):

2016	$ 5,070
2017	5,061
2018	2,868
2019	2,978
2020	3,093
2021 and thereafter	10,172
Total minimum payments due	29,242
Less: Amount representing interest	(8,226)
	$ 21,016

Charter Aircraft. From time to time, we charter aircraft owned by certain controlling shareholders. We incurred expenses of $1.4 million, $1.5 million and $0.9 million during the years ended December 31, 2015, 2014 and 2013, respectively.

Cunningham Broadcasting Corporation

As of December 31, 2015, Cunningham was the owner-operator and FCC licensee of: WNUV-TV Baltimore, Maryland; WRGT-TV Dayton, Ohio; WVAH-TV Charleston, West Virginia; WMYA-TV Anderson, South Carolina; WTTE-TV Columbus, Ohio; WDBB-TV Birmingham, Alabama; WBSF-TV Flint, Michigan; and WGTU-TV/WGTQ-TV Traverse City/Cadillac, Michigan (collectively, the Cunningham Stations), as well as WTAT-TV Charleston, South Carolina, and WYZZ Peoria/Bloomington, IL.

During the first quarter of 2013, the estate of Carolyn C. Smith, a parent of our controlling shareholders, distributed all of the non-voting stock owned by the estate to our controlling shareholders, and a portion was repurchased by Cunningham for $1.7 million in the aggregate. During the second quarter of 2014, Cunningham purchased the remaining amount of non-voting stock from the controlling shareholders for an aggregate purchase price of $2.0 million. The estate of Mrs. Smith currently owns all of the voting stock. The sale of the voting stock by the estate to an unrelated party is pending approval of the FCC. We also had options from the trusts, which granted us the right to acquire, subject to applicable FCC rules and regulations, 100% of the voting and nonvoting stock of Cunningham, up until September 30, 2014, when these options were terminated. As discussed under *Note 1. Nature of Operations and Summary of Significant Accounting Policies*, during the third quarter of 2014, we deconsolidated Cunningham Broadcasting Corporation as we determined it was no longer a variable interest entity. We continue to consolidate certain of its subsidiaries with which we continue to have variable interests through various arrangements related to the Cunningham Stations discussed further below.

As of December 31, 2015, certain of our stations provide programming, sales and managerial services pursuant to LMAs for six of the Cunningham Stations: WNUV-TV, WRGT-TV, WVAH-TV, WMYA-TV, WTTE-TV, and WDBB-TV (collectively, the Cunningham LMA Stations). Each of these LMAs has a current term that expires on July 1, 2016 and there are three additional 5- year renewal terms remaining with final expiration on July 1, 2031. We also executed purchase agreements to acquire the license related assets of these stations from Cunningham, which grant us the right to acquire, and grant Cunningham the right to require us to acquire, subject to applicable FCC rules and regulations, 100% of the capital stock or the assets of these individual subsidiaries of Cunningham. Our applications to acquire these license related assets are pending FCC approval. The LMA and purchase agreement with WTAT-TV was terminated concurrent with Cunningham's purchase of the non-license assets of this station from us for $14.0 million, effective August 1, 2014. We no longer have any continuing involvement in the operations of this station.

Pursuant to the provisions of the LMAs, options and other agreements, beginning on January 1, 2013, we were obligated to pay Cunningham an annual LMA fee for the television stations equal to the greater of (i) 3% of each station's annual net broadcast revenue and (ii) $5.0 million, of which a portion of this fee will be credited toward the purchase price to the extent of the annual 6% increase to the purchase price. Additionally, we reimburse these Cunningham LMA Stations for 100% of their operating costs. In July 2014, concurrent with the termination of the LMA with WTAT-TV the total LMA fee for the remaining Cunningham LMA Stations was reduced by $4.7 million to remove the fee associated with WTAT-TV. The remaining aggregate purchase price of the Cunningham LMA Stations was approximately $53.6 million as of December 31, 2015. We made payments to Cunningham under our LMAs with these stations of $8.8 million, $10.8 million and $9.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. For the years ended December 31, 2015, 2014 and 2013, Cunningham LMA Stations provided us with approximately $101.8 million, $103.5 million, and $107.6 million, respectively, of total revenue.

In November 2013, concurrent with our acquisition, of the Barrington stations discussed in *Note 2. Acquisitions*, Cunningham acquired the license related assets of WBSF-TV and WGTU-TV/WGTQ-TV, which was funded by bank debt, for which we have provided a guarantee. We provide certain non-programming related sales, operational and administrative services to these stations pursuant to certain outsourcing agreements. The agreements with WBSF-TV and WGTU-TV/WGTQ-TV expire in November 2021 and August 2023, respectively, and each has renewal provisions for successive eight year periods. Under these arrangements, we earned $5.8 million, $6.0 million and $0.6 million from the services we perform for these stations for the years ended December 31, 2015, 2014, and 2013, respectively. As we consolidate the licensees as VIEs, the amounts we earn under the arrangements are eliminated in consolidation and the gross revenues of the stations are reported within our consolidated statement of operations. For the years ended December 31, 2015, 2014 and 2013, our consolidated revenues include $7.7 million, $7.8 million and $0.7 million related to these stations, respectively.

Also, concurrent with the Barrington acquisition, we also sold our station, WYZZ (FOX) in Peoria, IL, which currently receives non-programming related sales, operational and administrative services from Nexstar Broadcasting pursuant to an outsourcing agreement, to Cunningham for $22.0 million.

In July 2014, concurrent with the Allbritton acquisition we terminated the LMA with WTAT (FOX) in Charleston, SC and sold to Cunningham the non-license assets related to this station. Although we have no continuing involvement in the operations of these stations, because we had consolidated Cunningham Broadcasting Corporation (the parent company) up until September 2014 (see *Variable Interest Entities* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies*), the assets of WYZZ were not derecognized and the transaction were accounted for as transactions between consolidated entities, and the resulting gains on sale were not recognized. Upon deconsolidation of Cunningham Broadcasting Corporation, the difference between proceeds received for the sale of WYZZ and WTAT and the carrying values of the net assets, which was previously eliminated in consolidation, was reflected as an increase to additional paid in capital in the consolidated balance sheet.

During October 2013, we purchased the outstanding membership interests of KDBC-TV (CBS) in El Paso, TX from Cunningham for $21.2 million, plus a working capital adjustment of $0.2 million. See *Other Acquisitions* within *Note 2. Acquisitions*, for further information.

During January 2016, Cunningham entered into a promissory note to borrow $19.5 million from us. The note bears interest at a fixed rate of 5.0% per annum (the 5.0% Notes), which is payable quarterly, commencing March 31, 2016. The note matures in January 2021, with additional one year renewal periods upon our approval. Cunningham may redeem the 5.0% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium as set forth in the terms of the loan agreement.

Atlantic Automotive Corporation

We sold advertising time to and purchased vehicles and related vehicle services from Atlantic Automotive Corporation (Atlantic Automotive), a holding company that owns automobile dealerships and an automobile leasing company. David D. Smith, our President and Chief Executive Officer, has a controlling interest in, and is a member of the Board of Directors of Atlantic Automotive. We received payments for advertising totaling $0.4 million for both the years ended December 31, 2015 and 2014, and $0.2 million during the year ended December 31, 2013. We paid $1.1 million for vehicles and related vehicle services from Atlantic Automotive during the year ended December 31, 2013. No payments for vehicles or vehicles related services from Atlantic Automotive during the years ended December 31, 2015 and 2014. Additionally, Atlantic Automotive leases office space owned by one of our consolidated real estate ventures in Towson, MD. Atlantic Automotive paid $1.2 million in rent during the year ended December 31, 2015, and $1.0 million in rent during both years ended December 31, 2014 and 2013.

Leased property by real estate ventures

Certain of our real estate ventures have entered into leases with entities owned by David Smith to lease restaurant space. There are leases for three restaurants in a building owned by one of our consolidated real estate ventures in Baltimore, MD. Total rent received under these leases was $0.6 million for the year ended December 31, 2015, and $0.5 million for both the years ended December 31, 2014 and 2013. Additionally, there is also one lease for a restaurant in a building owned by one of our real estate ventures in Towson, MD. Total rent received under this lease was $0.3 million for both the years ended December 31, 2015 and 2014, and $0.2 million for the year ended December 31, 2013.

Payments for services provided by these three restaurants to us was less than $0.1 million for the years ended December 31, 2015, 2014 and 2013.

Thomas & Libowitz, P.A.

Thomas & Libowitz P.A. (Thomas & Libowitz), is a law firm founded by Steven A. Thomas, which provides legal services to us on an ongoing basis. Steven A. Thomas is the son of Basil A. Thomas, a former member of our Board of Directors, who resigned during 2013. We paid fees of $1.6 million for the year ended December 31, 2013.

13. EARNINGS PER SHARE:

The following table reconciles income (numerator) and shares (denominator) used in our computations of earnings per share for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	2015	2014	2013
Income (Numerator)			
Income from continuing operations	**$ 176,099**	$ 215,115	$ 64,259
Net income attributable to noncontrolling interests included in continuing operations	**(4,575)**	(2,836)	(2,349)
Numerator for diluted earnings per common share from continuing operations available to common shareholders	**171,524**	212,279	61,910
Income from discontinued operations, net of taxes	**—**	—	11,558
Numerator for diluted earnings available to common shareholders	**$ 171,524**	$ 212,279	$ 73,468
Shares (Denominator)			
Weighted-average common shares outstanding	**95,003**	97,114	93,207
Dilutive effect of outstanding stock settled appreciation rights, restricted stock awards and stock options	**725**	705	638
Weighted-average common and common equivalent shares outstanding	**95,728**	97,819	93,845

Potentially dilutive securities which would have an anti-dilutive effect were 0.1 million, 0.3 million, and zero shares for the years ended December 31, 2015, 2014 and 2013, respectively. The net earnings per share amounts are the same for Class A and Class B Common Stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

14. SEGMENT DATA:

We measure segment performance based on operating income (loss). Excluding discontinued operations, our broadcast segment includes stations in 79 markets located throughout the continental United States. The operating results of stations classified as discontinued operations as disclosed in *Note 3. Dispositions of Assets and Discontinued Operations* are not included in our consolidated results of continuing operations for the year ended December 31, 2013. Other primarily consist of original networks and content, digital and internet solutions, technical services and other non-media investments. All of our businesses included in Other are located within the United States. Corporate costs primarily include our costs to operate as a public company and to operate our corporate headquarters location. Other and Corporate are not reportable segments but are included for reconciliation purposes.

We had approximately $226.2 million and $172.3 million of intercompany loans between broadcast, other and corporate as of December 31, 2015 and 2014, respectively. We had $23.1 million, $20.7 million, and $20.0 million in intercompany interest expense related to intercompany loans between the broadcast, other and corporate for the years ended December 31, 2015, 2014 and 2013, respectively. All other intercompany transactions are immaterial.

Financial information for our operating segments is included in the following tables for the years ended December 31, 2015, 2014 and 2013 (in thousands):

For the year ended December 31, 2015	**Broadcast**	**Other**	**Corporate**	**Consolidated**
Revenue	**$ 2,118,021**	**$ 101,115**	**$ —**	**$ 2,219,136**
Depreciation of property and equipment	**99,616**	**2,753**	**1,064**	**103,433**
Amortization of definite-lived intangible assets and other assets	**152,049**	**9,405**	**—**	**161,454**
Amortization of program contract costs and net realizable value adjustments	**124,619**	**—**	**—**	**124,619**
General and administrative overhead expenses	**55,848**	**2,952**	**5,446**	**64,246**
Research and development	**—**	**12,436**	**—**	**12,436**
Operating income (loss)	**451,015**	**(21,800)**	**(6,479)**	**422,736**
Interest expense	**—**	**4,955**	**186,492**	**191,447**
Income from equity and cost method investments	**—**	**964**	**—**	**964**
Goodwill	**1,927,705**	**3,388**	**—**	**1,931,093**
Assets	**4,838,531**	**415,278**	**178,506**	**5,432,315**
Capital expenditures	**74,902**	**8,909**	**7,610**	**91,421**

For the year ended December 31, 2014	**Broadcast**	**Other**	**Corporate**	**Consolidated**
Revenue	$ 1,904,776	$ 71,782	$ —	$ 1,976,558
Depreciation of property and equipment	99,823	2,350	1,118	103,291
Amortization of definite-lived intangible assets and other assets	118,654	6,842	—	125,496
Amortization of program contract costs and net realizable value adjustments	106,629	—	—	106,629
General and administrative overhead expenses	55,837	1,315	5,343	62,495
Research and development	—	6,918	—	6,918
Operating income (loss)	511,783	(10,671)	(6,461)	494,651
Interest expense	—	4,042	170,820	174,862
Income from equity and cost method investments	—	2,313	—	2,313
Goodwill	1,964,041	512	—	1,964,553
Assets	4,940,870	355,832	113,626	5,410,328
Capital expenditures	78,865	2,593	—	81,458

For the year ended December 31, 2013	**Broadcast**	**Other**	**Corporate**	**Consolidated**
Revenue	$ 1,306,187	$ 56,944	$ —	$ 1,363,131
Depreciation of property and equipment	67,320	1,891	1,343	70,554
Amortization of definite-lived intangible assets and other assets	65,786	5,034	—	70,820
Amortization of program contract costs and net realizable value adjustments	80,925	—	—	80,925
General and administrative overhead expenses	47,272	1,350	4,504	53,126
Operating income (loss)	329,312	555	(5,847)	324,020
Interest expense	—	3,251	159,686	162,937
Income from equity and cost method investments	—	621	—	621

15. FAIR VALUE MEASUREMENTS:

Accounting guidance provides for valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). A fair value hierarchy using three broad levels prioritizes the inputs to valuation techniques used to measure fair value. The following is a brief description of those three levels:

- *Level 1:* Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- *Level 3:* Unobservable inputs that reflect the reporting entity's own assumptions.

The carrying value and fair value of our notes and debentures as of December 31, 2015 and 2014 were as follows (in thousands):

	2015		2014	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Level 2:				
6.375% Senior Unsecured Notes due 2021	**$ 350,000**	**$ 367,325**	$ 350,000	$ 355,800
6.125% Senior Unsecured Notes due 2022	**500,000**	**512,500**	500,000	503,475
5.625% Senior Unsecured Notes due 2024	**550,000**	**539,000**	550,000	532,813
5.375% Senior Unsecured Notes due 2021	**600,000**	**605,658**	600,000	595,068
Term Loan A	**313,620**	**308,916**	348,073	341,982
Term Loan B	**1,376,007**	**1,365,461**	1,035,883	1,029,997
Revolving credit facility	**—**	**—**	338,000	338,000
Debt of variable interest entities	**26,682**	**26,682**	30,167	30,167
Debt of other non-media related subsidiaries	**120,969**	**120,969**	118,822	118,822

16. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

Sinclair Television Group, Inc. (STG), a wholly-owned subsidiary and the television operating subsidiary of Sinclair Broadcast Group, Inc. (SBG), is the primary obligor under the Bank Credit Agreement, the 5.375% Notes, the 5.625% Notes, 6.125% Notes, and 6.375% Notes. Our Class A Common Stock and Class B Common Stock as of December 31, 2015, were obligations or securities of SBG and not obligations or securities of STG. SBG is a guarantor under the Bank Credit Agreement, the 5.375% Notes, 5.625% Notes, 6.125% Notes, and 6.375% Notes. As of December 31, 2015, our consolidated total debt of $3,854.4 million included $3,730.0 million of debt related to STG and its subsidiaries of which SBG guaranteed $3,678.2 million.

SBG, KDSM, LLC, a wholly-owned subsidiary of SBG, and STG's wholly-owned subsidiaries (guarantor subsidiaries), have fully and unconditionally guaranteed, subject to certain customary automatic release provisions, all of STG's obligations. Those guarantees are joint and several. There are certain contractual restrictions on the ability of SBG, STG or KDSM, LLC to obtain funds from their subsidiaries in the form of dividends or loans.

The following condensed consolidating financial statements present the consolidated balance sheets, consolidated statements of operations and comprehensive income, and consolidated statements of cash flows of SBG, STG, KDSM, LLC and the guarantor subsidiaries, the direct and indirect non-guarantor subsidiaries of SBG and the eliminations necessary to arrive at our information on a consolidated basis.

These statements are presented in accordance with the disclosure requirements under SEC Regulation S-X, Rule 3-10.

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2015
(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash and cash equivalents	$ —	$ 115,771	$ 235	$ 33,966	$ —	$ 149,972
Accounts and other receivables	—	1,775	390,142	33,949	(1,258)	424,608
Other current assets	3,648	5,172	99,118	23,278	(4,033)	127,183
Total current assets	3,648	122,718	489,495	91,193	(5,291)	701,763
Property and equipment, net	2,884	20,336	559,042	143,667	(8,792)	717,137
Investment in consolidated subsidiaries	497,262	3,430,434	4,179	—	(3,931,875)	—
Other long-term assets	52,128	673,915	110,507	140,910	(779,173)	198,287
Goodwill	—	—	1,926,814	4,279	—	1,931,093
Broadcast licenses	—	—	114,841	17,624	—	132,465
Definite-lived intangible assets	—	—	1,602,454	206,975	(57,859)	1,751,570
Total assets	$ 555,922	$ 4,247,403	$ 4,807,332	$ 604,648	$ (4,782,990)	$ 5,432,315
Accounts payable and accrued liabilities	$ 104	$ 49,428	$ 179,156	$ 27,462	$ (4,837)	$ 251,313
Current portion of long-term debt	—	57,640	1,611	106,358	(1,425)	164,184
Current portion of affiliate long-term debt	1,651	—	1,311	456	(252)	3,166
Other current liabilities	—	—	103,627	12,713	—	116,340
Total current liabilities	1,755	107,068	285,705	146,989	(6,514)	535,003
Long-term debt	—	3,594,218	32,743	42,199	—	3,669,160
Affiliate long-term debt	1,857	—	14,240	366,042	(364,289)	17,850
Other liabilities	26,500	28,866	1,060,211	171,102	(576,055)	710,624
Total liabilities	30,112	3,730,152	1,392,899	726,332	(946,858)	4,932,637
Total Sinclair Broadcast Group equity	525,810	517,251	3,414,433	(91,703)	(3,839,981)	525,810
Noncontrolling interests in consolidated subsidiaries	—	—	—	(29,981)	3,849	(26,132)
Total liabilities and equity	$ 555,922	$ 4,247,403	$ 4,807,332	$ 604,648	$ (4,782,990)	$ 5,432,315

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2014
(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash and cash equivalents	$ —	$ 3,394	$ 1,749	$ 12,539	$ —	$ 17,682
Accounts and other receivables	—	164	359,486	25,111	(1,258)	383,503
Other current assets	5,741	12,996	98,751	19,225	(11,733)	124,980
Total current assets	5,741	16,554	459,986	56,875	(12,991)	526,165
Property and equipment, net	3,949	17,554	569,372	168,762	(7,099)	752,538
Investment in consolidated subsidiaries	395,225	3,585,037	3,978	—	(3,984,240)	—
Other long-term assets	65,988	555,877	134,454	128,247	(670,832)	213,734
Goodwill	—	—	1,963,254	1,299	—	1,964,553
Broadcast Licenses	—	—	118,115	16,960	—	135,075
Definite-lived intangible assets	—	—	1,698,919	184,441	(65,097)	1,818,263
Total assets	$ 470,903	$ 4,175,022	$ 4,948,078	$ 556,584	$ (4,740,259)	$ 5,410,328
Accounts payable and accrued liabilities	$ 541	$ 46,083	$ 201,102	$ 26,802	$ (13,680)	$ 260,848
Current portion of long-term debt	529	42,953	1,302	68,332	—	113,116
Current portion of affiliate long-term debt	1,464	—	1,182	1,026	(1,047)	2,625
Other current liabilities	—	—	100,979	9,749	—	110,728
Total current liabilities	2,534	89,036	304,565	105,909	(14,727)	487,317
Long-term debt	—	3,638,286	34,338	82,198	—	3,754,822
Affiliate long-term debt	3,508	—	12,802	319,901	(319,902)	16,309
Other liabilities	36,979	28,856	1,010,101	169,935	(499,334)	746,537
Total liabilities	43,021	3,756,178	1,361,806	677,943	(833,963)	5,004,985
Total Sinclair Broadcast Group equity	427,882	418,844	3,586,272	(94,632)	(3,910,484)	427,882
Noncontrolling interests in consolidated subsidiaries	—	—	—	(26,727)	4,188	(22,539)
Total liabilities and equity	$ 470,903	$ 4,175,022	$ 4,948,078	$ 556,584	$ (4,740,259)	$ 5,410,328

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiarie s	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 2,076,851	$ 221,633	$ (79,348)	$ 2,219,136
Media production expenses	—	—	725,037	82,450	(74,288)	733,199
Selling, general and administrative	4,441	58,543	418,885	14,272	(167)	495,974
Depreciation, amortization and other operating expenses	1,065	3,779	433,690	131,373	(2,680)	567,227
Total operating expenses	5,506	62,322	1,577,612	228,095	(77,135)	1,796,400
Operating (loss) income	(5,506)	(62,322)	499,239	(6,462)	(2,213)	422,736
Equity in earnings of consolidated subsidiaries	170,104	343,183	195	—	(513,482)	—
Interest expense	(382)	(180,166)	(4,658)	(30,022)	23,781	(191,447)
Other income (expense)	4,765	(151)	269	(2,379)	—	2,504
Total other income (expense)	174,487	162,866	(4,194)	(32,401)	(489,701)	(188,943)
Income tax benefit (provision)	2,543	81,626	(146,331)	4,468	—	(57,694)
Net income (loss)	171,524	182,170	348,714	(34,395)	(491,914)	176,099
Net income attributable to the noncontrolling interests	—	—	—	(4,914)	339	(4,575)
Net income (loss) attributable to Sinclair Broadcast Group	$ 171,524	$ 182,170	$ 348,714	$ (39,309)	$ (491,575)	$ 171,524
Comprehensive income (loss)	$ 181,720	$ 187,791	$ 351,760	$ (39,309)	$ (500,242)	$ 181,720

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 1,870,408	$ 192,616	$ (86,466)	$ 1,976,558
Media production expenses	—	76	573,725	86,266	(81,380)	578,687
Selling, general and administrative	4,320	57,799	359,880	14,795	(2,079)	434,715
Depreciation, amortization and other operating expenses	1,068	5,425	367,514	96,265	(1,767)	468,505
Total operating expenses	5,388	63,300	1,301,119	197,326	(85,226)	1,481,907
Operating (loss) income	(5,388)	(63,300)	569,289	(4,710)	(1,240)	494,651
Equity in earnings of consolidated subsidiaries	211,782	373,228	(201)	—	(584,809)	—
Interest expense	(573)	(163,347)	(4,869)	(27,364)	21,291	(174,862)
Other income (expense)	4,377	(14,651)	998	2,024	10	(7,242)
Total other income (expense)	215,586	195,230	(4,072)	(25,340)	(563,508)	(182,104)
Income tax benefit (provision)	2,081	83,897	(185,193)	1,783	—	(97,432)
Net income (loss)	212,279	215,827	380,024	(28,267)	(564,748)	215,115
Net income attributable to the noncontrolling interests	—	—	—	(2,836)	—	(2,836)
Net income (loss) attributable to Sinclair Broadcast Group	$ 212,279	$ 215,827	$ 380,024	$ (31,103)	$ (564,748)	$ 212,279
Comprehensive income (loss)	$ 211,759	$ 213,284	$ 378,926	$ (27,982)	$ (564,228)	$ 211,759

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 1,296,736	$ 123,017	$ (56,622)	$ 1,363,131
Media production expenses	15	357	391,410	52,492	(57,628)	386,646
Selling, general and administrative	3,733	48,363	241,548	10,694	82	304,420
Depreciation, amortization and other operating expenses	1,307	3,105	275,889	68,215	(471)	348,045
Total operating expenses	5,055	51,825	908,847	131,401	(58,017)	1,039,111
Operating (loss) income	(5,055)	(51,825)	387,889	(8,384)	1,395	324,020
Equity in earnings of consolidated subsidiaries	97,138	309,388	1,009	—	(407,535)	—
Interest expense	(1,083)	(152,174)	(4,965)	(25,624)	20,909	(162,937)
Other income (expense)	4,633	(59,033)	245	5,361	(6,781)	(55,575)
Total other income (expense)	100,688	98,181	(3,711)	(20,263)	(393,407)	(218,512)
Income tax benefit (provision)	(22,165)	47,645	(73,266)	2,637	3,900	(41,249)
Income from discontinued operations, net of tax	—	11,063	495	—	—	11,558
Net income (loss)	73,468	105,064	311,407	(26,010)	(388,112)	75,817
Net income attributable to the noncontrolling interests	—	—	—	(2,349)	—	(2,349)
Net income (loss) attributable to Sinclair Broadcast Group	$ 73,468	$ 105,064	$ 311,407	$ (28,359)	$ (388,112)	$ 73,468
Comprehensive income (loss)	$ 78,257	$ 107,243	$ 311,407	$ (28,098)	$ (390,552)	$ 78,257

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (3,759)	$ (133,595)	$ 530,768	$ (16,864)	$ 24,145	$ 400,695
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(6,605)	(84,079)	(2,586)	1,849	(91,421)
Payments for acquisition of television stations	—	—	(17,011)	—	—	(17,011)
Purchase of alarm monitoring contracts	—	—	—	(39,185)	—	(39,185)
Proceeds from sale of broadcast assets	—	—	23,650	—	—	23,650
Investments in equity and cost method investees	—	(8,998)	(27)	(35,690)	—	(44,715)
Other, net	4,598	(5,447)	575	17,645	—	17,371
Net cash flows (used in) from investing activities	4,598	(21,050)	(76,892)	(59,816)	1,849	(151,311)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	349,562	—	33,325	—	382,887
Repayments of notes payable, commercial bank financing and capital leases	(528)	(382,691)	(1,286)	(10,642)	—	(395,147)
Dividends paid on Class A and Class B Common Stock	(62,733)	—	—	—	—	(62,733)
Repurchase of outstanding Class A Common Stock	(28,823)	—	—	—	—	(28,823)
Payments for deferred financing cost	—	(3,604)	—	(243)	—	(3,847)
Noncontrolling interests distributions	—	—	—	(9,918)	—	(9,918)
Increase (decrease) in intercompany payables	89,319	303,755	(452,897)	85,953	(26,130)	—
Other, net	1,926	—	(1,207)	(368)	136	487
Net cash flows (used in) from financing activities	(839)	267,022	(455,390)	98,107	(25,994)	(117,094)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	112,377	(1,514)	21,427	—	132,290
CASH AND CASH EQUIVALENTS, beginning of period	—	3,394	1,749	12,539	—	17,682
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 115,771	$ 235	$ 33,966	$ —	$ 149,972

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (26,528)	$ (147,940)	$ 628,103	$ (35,694)	$ 12,513	$ 430,454
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(8,864)	(71,152)	(2,722)	1,280	(81,458)
Payments for acquisition of television stations	—	—	(1,485,039)	—	—	(1,485,039)
Purchase of alarm monitoring contracts	—	—	—	(27,701)	—	(27,701)
Proceeds from sale of broadcast assets	—	—	176,675	—	—	176,675
Decrease in restricted cash	—	11,525	91	—	—	11,616
Investments in equity and cost method investees	—	—	—	(8,104)	—	(8,104)
Proceeds from insurance settlement	—	17,042	—	—	—	17,042
Other, net	1,000	—	392	(1,779)	—	(387)
Net cash flows (used in) from investing activities	1,000	19,703	(1,379,033)	(40,306)	1,280	(1,397,356)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	1,466,500	507	33,713	—	1,500,720
Repayments of notes payable, commercial bank financing and capital leases	(556)	(574,584)	(1,028)	(6,596)	—	(582,764)
Dividends paid on Class A and Class B Common Stock	(61,103)	—	—	—	—	(61,103)
Repurchase of outstanding Class A Common Stock	(133,157)	—	—	—	—	(133,157)
Payments for deferred financing costs	—	(16,590)	—	—	—	(16,590)
Noncontrolling interest distributions	—	—	—	(8,184)	—	(8,184)
Increase (decrease) in intercompany payables	218,081	(981,669)	725,678	51,703	(13,793)	—
Other, net	2,263	—	(1,072)	4,367	—	5,558
Net cash flows (used in) from financing activities	25,528	(106,343)	724,085	75,003	(13,793)	704,480
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	(234,580)	(26,845)	(997)	—	(262,422)
CASH AND CASH EQUIVALENTS, beginning of period	—	237,974	28,594	13,536	—	280,104
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 3,394	$ 1,749	$ 12,539	$ —	$ 17,682

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(in thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (37,107)	$ (264,925)	$ 444,680	$ (40,414)	$ 58,343	$ 160,577
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(2,700)	(35,659)	(5,029)	—	(43,388)
Payments for acquisition of television stations	—	—	(998,664)	(50,480)	43,000	(1,006,144)
Purchase of alarm monitoring contracts	—	—	—	(23,721)	—	(23,721)
Proceeds from sale of broadcast assets	—	—	71,738	21,000	(43,000)	49,738
Decrease in restricted cash	—	(11,522)	—	—	—	(11,522)
Investments in equity and cost method investees	—	—	—	(10,767)	—	(10,767)
Other, net	1,648	—	50	3,773	(10,908)	(5,437)
Net cash flows (used in) from investing activities	1,648	(14,222)	(962,535)	(65,224)	(10,908)	(1,051,241)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	2,189,753	—	88,540	—	2,278,293
Repayments of notes payable, commercial bank financing and capital leases	(482)	(1,473,898)	(1,069)	(34,311)	—	(1,509,760)
Proceeds from the sale of Class A Common Stock	472,913	—	—	—	—	472,913
Dividends paid on Class A and Class B Common Stock	(56,767)	—	—	—	—	(56,767)
Payments for deferred financing costs	—	(27,724)	—	—	—	(27,724)
Noncontrolling interest distributions	—	—	—	(10,256)	—	(10,256)
Increase (decrease) in intercompany payables	(371,331)	(178,240)	548,139	59,765	(58,333)	—
Other, net	(8,874)	—	(820)	—	10,898	1,204
Net cash flows (used in) from financing activities	35,459	509,891	546,250	103,738	(47,435)	1,147,903
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	230,744	28,395	(1,900)	—	257,239
CASH AND CASH EQUIVALENTS, beginning of period	—	7,230	199	15,436	—	22,865
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 237,974	$ 28,594	$ 13,536	$ —	$ 280,104

QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

(in thousands, except per share data)

For the Quarter Ended	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Total revenues, net	**$ 504,775**	**$ 554,167**	**$ 548,404**	**$ 611,790**
Operating income	**$ 84,547**	**$ 114,340**	**$ 99,606**	**$ 124,243**
Net income	**$ 24,836**	**$ 46,399**	**$ 44,034**	**$ 60,830**
Net income attributable to Sinclair Broadcast Group	**$ 24,282**	**$ 45,787**	**$ 43,255**	**$ 58,200**
Basic earnings per common share	**$ 0.26**	**$ 0.48**	**$ 0.46**	**$ 0.62**
Diluted earnings per common share	**$ 0.25**	**$ 0.48**	**$ 0.45**	**$ 0.61**

For the Quarter Ended	3/31/2014	6/30/2014	9/30/2014	12/31/2014
Total revenues, net	$ 412,648	$ 455,136	$ 494,956	$ 613,818
Operating income	$ 81,000	$ 103,039	$ 101,663	$ 208,949
Net income	$ 27,657	$ 41,601	$ 48,768	$ 97,089
Net income attributable to Sinclair Broadcast Group	$ 27,158	$ 41,335	$ 48,341	$ 95,445
Basic earnings per common share	$ 0.27	$ 0.43	$ 0.50	$ 0.99
Diluted earnings per common share	$ 0.27	$ 0.42	$ 0.49	$ 0.98

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements

To the Board of Directors and Shareholders of Sinclair Broadcast Group, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of equity, and of cash flows present fairly, in all material respects, the financial position of Sinclair Broadcast Group, Inc. and its subsidiaries (the Company) at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Report of Management on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

Baltimore, Maryland
February 26, 2016

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TELEVISION STATION MANAGEMENT

Each of our stations or markets has a general manager and a group manager. The group managers are responsible for managing a number of stations and in some cases are also the general managers for a station or market. Below is a list of our group managers and general managers as well as the station or market for each general manager.

GROUP MANAGERS

Ann H. Ellis
William J. Fanshawe
Alan B. Frank
Daniel J. Hoffman
James C. Killen
Jonathan P. Lawhead
Daniel P. Mellon
David F. Schwartz
John T. Seabers

GENERAL MANAGERS/STATION MANAGERS

Pat Baldwin – Tulsa, Oklahoma
Lisa Barhorst – Dayton, Ohio
Robert Berry – Yakima/Pasco/Richland/Kennewick, Washington
Matthew Bowman – Greensboro/Highpoint/Winston-Salem, North Carolina
Bill Bradley – Harrisburg/Lancaster/Lebanon/York, Pennsylvania
Teresa Burgess – Bakersfield, California
Tom Burke – Minneapolis/St. Paul, Minnesota
Robert Butterfield – West Palm Beach/Fort Pierce, Florida
John Cadman – Wilkes-Barre/Scranton, Pennsylvania
Glen Callanan – Cedar Rapids, Iowa
Amie Chapman – Reno, Nevada
Amy Collins – Syracuse, New York
Chad Conklin – Flint/Saginaw/Bay City, Michigan
Greg Conner – Columbia, South Carolina
John Connors – Asheville, North Carolina/Anderson, South Carolina-Greenville-Spartanburg, South Carolina
Ronna Corrente – Lexington, Kentucky
Mike Costa – Chattanooga, Tennessee
Kent Crawford – Salt Lake City, Utah
Cory Culleton – Gainesville, Florida
Tony D'Angelo – Columbus, Ohio
John DeSimone – Madison, Wisconsin
John Dittmeier – Tallahassee, Florida
James Doty – Johnstown/Altoona, Pennsylvania
Janene Drafs – Seattle/Tacoma, Washington
Charity Freeman – Toledo, Ohio
Terry Gaughan – Milwaukee, Wisconsin
Deb Gay – Albany, Georgia
Linda Guerrero Deicla – Harlingen/Weslaco/Brownsville/McAllen, Texas
Todd Harrison – Traverse City/Cadillac, Michigan
Kevin Hayes – El Paso, Texas
Paula Hayward – Beaumont, Texas
Billy Huggins – Myrtle Beach/Florence, South Carolina
John Hummel – Raleigh/Durham, North Carolina
Tom Humpage – Portland, Maine
Tom Hurley – Corpus Christi, Texas
JR Jackson – Eugene, Oregon
George Kayes – Roanoke/Lynchburg, Virginia
Kingsley Kelley – Medford, Oregon
Carol Kellum – Ottumwa, Iowa/Kirksville, Missouri
Eric Land – Birmingham, Alabama
Jim Lapiana – Pittsburgh, Pennsylvania
Karen Lincoln – Macon-Albany, Georgia
Rick Lipps – Champaign/Springfield/Decatur, Illinois
Jay C. Lowe – Mobile, Alabama/Pensacola, Florida
Jim Lutton – Grand Rapids/Kalamazoo, Michigan
Nick Magnini – Buffalo, New York
Jeff McCallister – Norfolk, Virginia
Tim McCoy – Wheeling, West Virginia/Steubenville, Ohio
Sharon Merrell – Quincy, Illinois/Hannibal, Missouri/Keokuk, Iowa
Jeff Miller – Omaha, Nebraska
Mary Margaret Nelms – Charleston, South Carolina
Vince Nelson – Albany, New York
John Nizamis – South Bend-Elkhart, Indiana
Noreen Parker – Nashville, Tennessee
Jack Peck – Fresno/Visalia, California
Tim Perry – Richmond, Virginia
David Praga – Spokane-Yakima/Pasco/Richland/Kennewick, Washington
Michael Pumo – West Palm Beach/Fort Pierce, Florida
Dean Radla – San Antonio, Texas
Chuck Reid – Wichita/Hutchinson, Kansas
Mark Rose – Little Rock/Pine Bluff, Arkansas
John Rossi – Oklahoma City, Oklahoma
Chuck Samuels – Rochester, New York
Steve Scollard – Sioux City, Iowa
Daniel Stellmon – Spokane, Washington
Audra Swain – Las Vegas, Nevada
John Tamerlano – Portland, Oregon
Thomas Tipton – St. Louis, Missouri-Cape Girardeau, Missouri/Paducah, Kentucky
Bobby Totsch – Mobile, Alabama/Pensacola, Florida
Robert Truman – Boise, Idaho
Victor Vetters – Providence, Rhode Island/New Bedford, Massachusetts
Amy Villarreal – Austin, Texas
Tim Walsh – Savannah, Georgia
Mike Wilson – Des Moines/Ames, Iowa
Laura Wolf – Amarillo, Texas
Elizabeth Worsham – Columbia/Jefferson City, Missouri
Jay Zollar – Green Bay/Appletovn, Wisconsin

BROADCAST

Steven M. Marks
Chief Operating Officer

Steven J. Pruett
Chief Operating Officer

M. William Butler
Senior Vice President,
Promotion & Corporate Marketing

Robert F. Malandra
Senior Vice President,
Finance Television

Delbert R. Parks III
Senior Vice President,
Chief Technology Officer

Mark A. Aitken
Vice President,
Advanced Technology

Harvey Arnold
Vice President, Engineering

Tammy L. DuPuy
Vice President, Programming

Dana R. Feldman
Vice President, Promotions

David G. Howitt
Vice President, Programming

Joseph A. Koff
Vice President,
Training & Development

J. Michael Kralec
Vice President,
Data Systems &
Information Technology Services

Jerry D. Lilly
Vice President, Operations

I. Scott Livingston
Vice President, News

David F. Schwartz
Vice President, Sales

Gregg L. Siegel
Vice President, National Sales

Jonathan D. Spaet
Vice President,
Networks Sales & Development

CONTENT

Arthur Hasson
Chief Operating Officer,
Sinclair Programming

Joseph A. Koff,
Vice President,
Chief Operating Officer,
Ring of Honor Wrestling
Entertainment LLC

DIGITAL

Robert D. Weisbord
Vice President,
Chief Operating Officer,
Sinclair Digital

Kevin J. Cotlove
Vice President,
Digital Operations & Content,
Sinclair Digital

Benjamin A. Miller
Vice President,
Product Development,
Sinclair Digital

J. Ryan Moore
Vice President, Digital Sales,
Sinclair Digital

John F. Solomon IV
Chief Creative Officer, Circa

NETWORKS

Doron Gorshein
Chief Operating Officer,
Sinclair Networks Group LLC

Craig A. Haffner
Vice President,
Programming,
American Sports Network

Ibra Morales
Vice President, Operations
American Sports Network

Todd Siegel
Vice President, Sales
American Sports Network

Kenneth A. Solomon
President,
Tennis Channel Inc.

William S. Simon
Executive Vice President,
Chief Operating Officer &
Chief Financial Officer,
Tennis Channel Inc.

TECHNICAL & NON MEDIA

W. Gary Dorsch
President, Keyser Capital LLC

Alfred D. Johnson, Jr.
Vice President, Keyser Capital LLC

William H. Kinnear, Jr.
Vice President, Keyser Capital LLC

Greg J. Westhoff
President, Alarm Funding Associates

Joseph J. Monachino
Chief Operating Officer,
Alarm Funding Associates

Kenneth A. Renko
Vice President,
Alarm Funding Associates

Jerald N. Fritz
Executive Vice President,
Strategic & Legal Affairs,
ONE Media LLC

Kevin D. Gage
Executive Vice President, Strategic
Development & Chief Technology Officer,
ONE Media LLC

Andrew H. Whiteside
President, Dielectric LLC and
General Manager,
Acrodyne Technical Services LLC

Keith L. Pelletier
Vice President & General Manager,
Dielectric LLC

Jay S. Martin
Vice President, Sales,
Dielectric LLC

John L. Schadler
Vice President, Engineering,
Dielectric LLC

Stephen R. Altshuler
President,
Triangle Sign & Service LLC

Robert M. Kaye
Executive Vice President,
Triangle Sign & Service LLC

Robert W. Mount
Vice President,
Triangle Sign & Service LLC

SINCLAIR BROADCAST GROUP, INC.

OFFICERS

David D. Smith
President and
Chief Executive Officer

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President

David B. Amy
Executive Vice President,
Chief Operating Officer

Barry M. Faber
Executive Vice President,
General Counsel

Christopher S. Ripley
Chief Financial Officer

David R. Bochenek
Senior Vice Persident,
Chief Accounting Officer

Rebecca J. Hanson
Senior Vice President,
Strategy & Policy

Lucy A. Rutishauser
Senior Vice President,
Corporate Finance & Treasurer

Donald H. Thompson
Senior Vice President,
Human Resources

Justin L. Bray
Vice President, Corporate Controller

Jamie C. Dembeck
Vice President, Human Resources

David B. Gibber
Vice President,
Deputy General Counsel

Paul E. Nesterovsky
Vice President, Tax

Scott H. Shapiro
Vice President, Corporate Development

Thomas I. Waters, III
Vice President, Purchasing

BOARD OF DIRECTORS

David D. Smith
Chairman of the Board,
President & Chief Executive Officer

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President, Secretary

Robert E. Smith
Director

Howard E. Friedman
Director

Daniel C. Keith
Director

Martin R. Leader
Director

Lawrence E. McCanna
Director

ANNUAL MEETING

The Annual Meeting of stockholders will be held at Sinclair Broadcast Group's corporate offices,
10706 Beaver Dam Road
Hunt Valley, MD 21030
Thursday, June 2, 2016 at 10:00am.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers, LLP
100 East Pratt Street
Suite 1900
Baltimore, MD 21202-1096

TRANSFER AGENT AND REGISTRAR

Questions regarding stock certificates, change of address, or other stock transfer account matters may be directed to:

American Stock Transfer & Trust
Company, LLC
Operations Center
6201 15th Ave.
Brooklyn, NY 11219
Toll Free: 1-800-937-5449
Email: info@amstock.com
Website: www.amstock.com

FORM 10-K, ANNUAL REPORT

A copy of the Company's 2015 Form 10-K, as filed with the Securities and Exchange Commission, is available at no charge on the Company's website www.sbgi.net or upon written request to:

Lucy A. Rutishauser
SVP, Corporate Finance & Treasurer
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030
410-568-1500

COMMON STOCK

The Company's Class A Common Stock trades on the Nasdaq Global Select Market tier of the Nasdaq^{SM} Stock Market under the symbol SBGI.

SBG

SINCLAIR BROADCAST GROUP